

November 1959

# The Credit World

*The only monthly publication serving the entire field of Consumer Credit*

## **In this issue**

Credit Problems and Rackets  
Credit Department Operations  
Getting New Credit Business  
Credit Manager a Sales Manager  
Services of Public Employment Offices  
62,000 Members by 1962

MR. EUGENE B. POWER  
UNIVERSITY MICROFILMS  
313 NO. FIRST ST.  
ANN ARBOR, MICH.

Volume 48

Number 2

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# The CREDIT WORLD

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## WILLIAM H. BLAKE

Executive Vice President

National Retail Credit Association

# Instalment Credit Up Slight Increase in Delinquency Noted

**B**USINESS is recording a further series of forward moves marked by advances in employment and income. The Department of Commerce reports "Automobile buying, which at the start of the year was one of the laggard segments of demand, wound up at mid-year responding strongly to the industry drive to bring sales into line with the sharp advance in income. Consumer purchasing of other major types of goods established a new record, generally registering new highs on both dollar and volume basis."

The American family continued to use additional credit during August. Total instalment credit outstanding was estimated at \$37,049 million, an increase of \$502 million when seasonally adjusted.

After allowance for seasonal influences, credit extensions stood at \$4,103 million while credit repayments were \$3,601 million.

Non-instalment credit outstanding increased \$77 million, seasonally adjusted, to an estimated \$10,861 million.

Total short and intermediate term consumer credit outstanding was estimated to be \$47,910 million at August 31.

Rumblings of credit controls were again heard from Capitol Hill. The Joint Economic Committee of Congress has been holding public hearings at which leading economists have been heard. Three economists are reported to have told the Committee that "selective consumer credit controls could help the nation's economy keep growing by controlling

the flow of available capital into consumer durable goods."

Senator Prescott Bush, Republican, Connecticut, introduced Senate Bill No. 63 early in the first session of the 86th Congress. The bill, referred to the Senate Committee on Banking and Currency, "authorizes the Federal Reserve Board to improve controls over instalment credit in connection with the sale of consumer durable goods."

Retail sales in August totaled \$18.1 billion. After adjustment for seasonal factors, this figure was almost one per cent below July but 7.4 per cent above August, 1958. Small declines from July appeared in most major lines of trade, with advances showing only for food, furniture, and appliance stores.

Instalment accounts outstanding at department stores increased slightly during August and at the month end were ten per cent above a year ago. Instalment collections were 15 per cent of first-of-month balances. Charge account receivables were practically unchanged during the month and were three per cent above a year earlier. Collections amounted to 46 per cent of balances outstanding at the beginning of the month. Total sales at reporting department stores increased ten per cent reflecting increases in cash and credit sales. Compared with a year earlier cash and charge account sales were unchanged while instalment sales were six per cent higher.

The Instalment Credit Commission of the American Bankers Association

reports delinquency percentages for the current month have increased slightly. This is the first time since February 1959 that any change in the trend has been noted.

The 1960 automobile model production schedule is off to a good start. However, some curtailment may be necessary even though the steel strike may be settled as it will take some time to get steel back to normal production.

The number of business concerns in the United States, reports the Department of Commerce, increased by 75,000 firms, to 4,645,000 at mid-1959, an increase of almost two per cent over 1958.

Of the 1958 total retail sales of \$200.4 billion, \$152 billion (76 per cent) represented sales for which the retailer received cash payment, reports the Bureau of the Census in its recent *Annual Retail Trade Report*. Approximately \$48.4 billion (24 per cent) were sales made on credit extended by the retailer—\$38.0 billion (19 per cent) representing charge account sales and \$10.4 billion (5 per cent) instalment sales.

The \$152.0 billion of cash sales include sales on credit where the credit was extended by other organizations, such as banks, finance companies, etc., and where the retailer consequently received cash from the sale. This amounted to approximately \$13.3 billion in 1958 and is exclusive of sales on gasoline credit cards, primarily in the automotive group (\$10.4 billion). Separate figures are not available from this survey, however, on sales on

Changes in Department Store Sales and Accounts Receivable

Item August, 1959	Percentage change from:	
	Month ago	Year ago
Sales during month: Total	+10	0
Cash	+9	0
Charge	+13	-1
Instalment	+7	+6
Accounts receivable, end of month:		
Charge	0	+3
Instalment	+1	+10

Collection Ratios and Percentage Distribution of Sales

Item	Aug. 1959	July 1959	Aug. 1958
Collection ratios: <sup>1</sup> Charge accounts	46	47	47
Instalment accounts	15	15	15
Percentage distribution of sales:			
Cash	44	44	44
Charge	41	41	42
Instalment	15	15	14

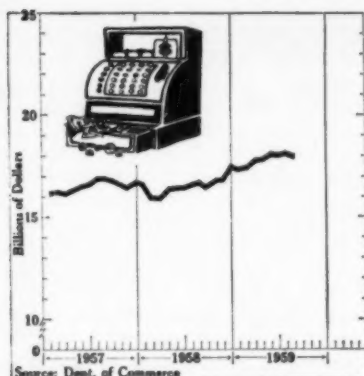
<sup>1</sup>Collections during month as a percentage of accounts receivable at beginning of month.

Short- and Intermediate-Term Consumer Credit Outstanding

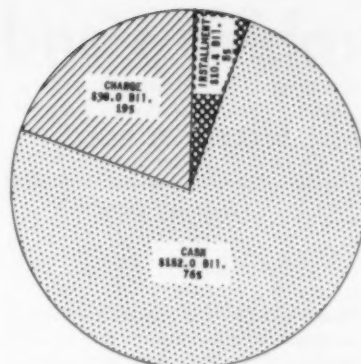
Type of credit	Aug. 31 1959	Change during:		
		Aug.		Year ended Aug. 31 1959
		Unadj.	Sea. Adj.	
Instalment credit, total	37,049	+600	+502	+3,884
Automobile paper	16,082	+302	+208	+1,568
Other consumer goods paper	9,314	+131	+140	+1,060
Repair and modernization loans	2,323	+41	+27	+232
Personal loans	9,330	+126	+127	+1,024
Noninstalment credit, total	10,861	+54	+77	+898
Single-payment loans	3,878	+71	+71	+425
Charge accounts	4,243	-29	-28	+287
Service credit	2,740	+12	+34	+186
Total consumer credit	47,910	+654	+579	+4,782

(Estimates, in millions of dollars)

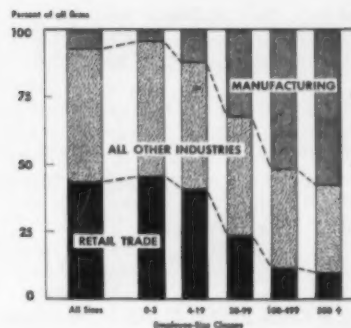




Retail Sales



ALL RETAIL STORES TOTAL: \$200.4 Billion



Manufacturing Accounts for More Than Half of All Large Firms.

credit when the credit was obtained directly by the purchaser from other sources and was not handled through the retail firm. Such sales were presumably reported as cash sales by the retailer.

Industrial production declined three per cent in August to 149 per cent of the 1947-1949 average as compared with 153 in July and a peak of 155 in June. The August decline was centered primarily in the primary metal manufacturing and mining industry, as the steel strike continued and additional stoppages

developed in the non-ferrous metal industries. The strike which started July 15, 1959, has become the most expensive in the industry's history. *Steel* magazine reported the direct losses at \$3,342,000. Adding the indirect losses, the total will reach \$6.5 billion.

The estimated number of households in the United States increased 7.7 million (18 per cent) from March 1950 to March 1959. There were an estimated 51.3 million households in March 1959. During this same period, the total population in the United

States increased almost 16 per cent, from 150.5 million to 174.5 million. Of the 39.5 million married couples in 1959, only 1.1 million (2.8 per cent) did not maintain their own households.

In spite of strikes, a tight money market, and rising living costs, the American consumer is optimistic and continues to buy in the market place. The success of the recent Treasury note offering, *The Magic Fives*, which was oversubscribed over five times, is further testimony of the potent force of Mr. and Mrs. Consumer in our economy. ★★★

#### Consumer Instalment Credit, by Holder and Type of Credit

(Estimated amounts outstanding, in millions of dollars)

Type of credit and institution	Increase or decrease during:			
	Aug. 31 1959	Aug. 1959	Aug. 1958	Year ended Aug. 31 1959
<b>Total</b>	<b>37,049</b>	<b>+600</b>	<b>+91</b>	<b>+3,884</b>
Commercial banks	14,388	+230	+49	+1,733
Sales finance companies	9,785	+193	-38	+ 702
Credit unions <sup>1</sup>	2,990	+ 55	+33	+ 412
Consumer finance companies <sup>2</sup>	3,488	+ 34	+ 2	+ 194
Other financial institutions	1,543	+ 26	+20	+ 170
Retail outlets <sup>3</sup>	4,855	+ 62	+25	+ 673
<b>Automobile paper</b>	<b>16,082</b>	<b>+302</b>	<b>-53</b>	<b>+1,568</b>
Commercial banks	7,079	+114	+ 3	+ 881
Sales finance companies	7,219	+156	-65	+ 489
Other financial institutions	1,301	+ 22	+12	+ 155
Automobile dealers	483	+ 10	- 3	+ 43
<b>Other consumer goods paper</b>	<b>9,314</b>	<b>+131</b>	<b>+57</b>	<b>+1,060</b>
Commercial banks	2,513	+ 40	+ 4	+ 209
Sales finance companies	1,723	+ 28	+20	+ 111
Other financial institutions	706	+ 11	+ 5	+ 110
Department stores <sup>4</sup>	1,662	+ 36	+10	+ 411
Furniture stores	1,156	+ 16	+17	+ 46
Household appliance stores	354	+ 4	+ 2	+ 14
Other retail outlets	1,200	- 4	- 1	+ 159
<b>Repair and modernization loans<sup>5</sup></b>	<b>2,323</b>	<b>+ 41</b>	<b>+30</b>	<b>+ 232</b>
Commercial banks	1,741	+ 28	+19	+ 171
Sales finance companies	26	+ 1	+ 2	+ 3
Other financial institutions	556	+ 12	+ 9	+ 58
<b>Personal loans</b>	<b>9,330</b>	<b>+126</b>	<b>+57</b>	<b>+1,024</b>
Commercial banks	3,055	+ 48	+23	+ 472
Sales finance companies	817	+ 8	+ 5	+ 99
Other financial institutions	5,458	+ 70	+29	+ 453

<sup>1</sup>Estimates of loans at credit unions and consumer finance companies by type of credit are included with figures for other financial institutions.

<sup>2</sup>Figures by type of retail outlet are shown below under the relevant types of credit.

<sup>3</sup>Includes mail-order houses.

<sup>4</sup>The face amount of outstanding FHA Title I loans at the end of August is reported by the Federal Housing Authority to be \$1,628 million, of which an estimated \$1,377 million is for consumer purposes and is included in the above.

#### Consumer Instalment Credit Extended and Repaid, and Changes in Credit Outstanding

(In millions of dollars)

	Total	Auto-mobile paper	Other consumer goods paper	Repair and modernization loans	Personal loans
<b>Without seasonal adjustment</b>					
<b>Credit extended</b>					
1959—Aug.	4,139	1,602	1,116	178	1,243
—July	4,292	1,707	1,113	176	1,296
1958—Aug.	3,385	1,193	976	151	1,065
<b>Credit repaid</b>					
1959—Aug.	3,539	1,300	985	137	1,117
—July	3,653	1,346	1,007	134	1,166
1958—Aug.	3,294	1,246	919	121	1,008
<b>Seasonally adjusted<sup>1</sup></b>					
<b>Credit extended</b>					
1959—Aug.	4,103	1,514	1,150	165	1,274
—July	4,102	1,544	1,129	163	1,266
1958—Aug.	3,416	1,142	1,018	142	1,114
<b>Credit repaid</b>					
1959—Aug.	3,601	1,306	1,010	138	1,147
—July	3,602	1,317	1,009	133	1,143
1958—Aug.	3,403	1,276	947	124	1,056
<b>Changes in outstanding credit, seasonally adjusted<sup>1</sup></b>					
1959—Aug.	+ 502	+ 208	+ 140	+27	+ 127
—July	+ 500	+ 227	+ 120	+30	+ 123
2nd qtr. monthly av.	+ 439	+ 200	+ 130	+29	+ 80
1st qtr. monthly av.	+ 346	+ 169	+ 81	+18	+ 78
1958—4th qtr. monthly av.	+ 162	+ 36	+ 43	+11	+ 72
3rd qtr. monthly av.	- 25	- 141	+ 48	+ 8	+ 60
2nd qtr. monthly av.	- 117	- 185	+ 21	+ 1	+ 46

<sup>1</sup>Seasonally adjusted changes in outstandings derived by subtracting credit repaid from credit extended.

NOTE: Estimates of instalment credit extended and repaid are based on information from accounting records of retail outlets and financial institutions and include finance, insurance, and other charges covered by the instalment contract. Renewals and refinancing of loans, repurchases or resales of instalment paper, and certain other transactions may increase the amount of both credit extended and credit repaid without adding to the amount of credit outstanding.

<sup>2</sup>Includes adjustment for differences in trading days.

# Credit Problems and Rackets

WALTER J. BOLL

Manager, Protective Division, Retail Merchants Board and Credit Bureau  
Cleveland, Ohio

**M**ORE PEOPLE today are biting the hands that feed them than ever before and are biting them much harder. We hear the term calculated risk used frequently in certain types of business operation, and particularly in the department store field. I wonder if the risk has to be so calculated. There are many procedures that can be followed to remove some of the calculation. Much of our trouble is due to economic conditions and is caused by short pay checks and the high cost of living and the fact that we deal in commodities and merchandise that are attractive and appealing to the employees and the illegitimate customer. Many of our stores have become so large that the supervision has lessened and we have lost the personal contact between the superior and the employee which is so necessary to proper, profitable conduct of a business. Experience dictates that employees and customers will conduct themselves honestly as long as the measures of restraint are greater than the desire to do or obtain what one wants. It is questioned whether there has been a material rise in store cases or just an increase in the number of cases uncovered.

In recent years there has been a tremendous interest in combatting and curtailing crimes against retailers through community action, the formation of merchant security groups and the enactment of new laws on both a city and state-wide scale to cover the matters which have been causing so much concern. Trade papers and journals have carried numerous articles telling of shoplifting and check losses and the fact that shortages are increasing in alarming proportions and cutting down profits.

Following are some of the captions on recent articles: "Shoplifting Losses in Pennsylvania Are Put at \$16 Million," "Texas Stores' Shoplifting Loss Figured at \$15 Million Annually," "Sears Toughens Policy in Shoplifting Cases," "Retailers Warned on Check Frauds," and "Central Alert Urged in Drive on Bad Checks."

Those headlines are coming from all sections of the country, from cities large and small.

Fraud of all kinds is big business and the losses to individuals and business cannot be accurately totaled. Up until a few years ago there was not much organized action to combat it but the situation is now changing and merchants and other groups are doing something about it. There are bound to be good results from this unified action throughout communities and the country, and, as a result, others will become interested when they become aware of the fact that cooperative effort will reduce losses and increase profits. The exchange of information between stores through an association or central office is one of the best ways to combat the trouble.

## Cooperative-Minded Citizens

The city of Cleveland, Ohio, has always had a world-wide reputation as being a city of cooperative-minded citizens and a city which has had many "firsts" such as the Community Fund. These "firsts" have carried to and been established in other cities throughout the country. The major stores in Cleveland have had the benefit of a central protection office since 1922, when the Protective Division of the Retail Merchants Board and Credit Bureau started as a part-time effort of some of the staff of the Board with the part-time assistance of an attorney. In the latter part of 1929 the Protective Division setup was revised, a full-time manager was engaged, offices set up, personnel trained and the business of going after crooks started in earnest.

Warning bulletins and information are exchanged with various state hotel associations, city and suburban police departments and other organizations throughout the country. City police and officials of member stores who receive information as to worthless checks, fraud account chargers, shoplifters, etc., immediately notify the Protective Division who relay it to other member stores

and hotels. In urgent cases the telephone is used to contact the major downtown stores, who, in turn, notify their branches. This is followed by a 3" x 5" yellow card, the warning color, which is distributed by Credit Bureau messengers who make the rounds five times daily. Supplementing this is a four-block and eight-block bulletin. The warning service and the coordinating and centralizing feature of the office has resulted in as high as 60 arrests being made in one year by the manager directly or by detectives assigned to the Store, Hotel and Check Detail of the police department.

I have been with the organization approximately 18 years, after previously serving as an Agent of the United States Secret Service Division of the Treasury Department, and have found my past experience and contacts with law enforcement officers and agencies in the area and throughout the country most valuable in conducting the activities of the office.

In Cleveland, practically all stores in the downtown area, with others in the outlying neighborhoods and suburbs, in addition to membership in the Credit Bureau, are also members of the Retail Merchants Board. The Board membership numbers about 75, plus their branch stores, and the Credit Bureau about 3,900 at present. The records of the Credit Bureau, therefore, become invaluable and by the same token many benefits result to the Credit Bureau members who are not in the Retail Merchants Board when the court convictions become a matter of record in the credit files. Although the main interest of the Protective Division is to record and follow in court the crimes and violations perpetrated against Retail Merchant Board stores and the major downtown hotels, we are also interested in all types of criminal and detrimental information coming to our attention which goes into the protective files and is then cross-indexed to the credit files. In most instances, merchant or private pro-

tective offices are not affiliated with a credit bureau. It is our good fortune to have both under the same roof and on the same floor. Operating in conjunction with a credit organization reputed to be one of the largest in the world and with an estimated three million credit cards in file, one can readily see how advantageous the arrangement is.

Another valuable asset is the Hotels Protective Group which is made up of the major downtown hotels and which was inaugurated in November, 1940. The Protective Division acts as the clearing agency to which reports are submitted on past-due accounts, returned checks and skippers. These are then reproduced and distributed to the other members of the group. Since professional coast-to-coast check operators and others who commit crimes against retailers usually register in the larger downtown hotels, the relationship between the department stores and the hotels is a desirable one in that both the stores and hotels notify the Protective Division of their suspicions on bad checks, fraudulent accounts and other matters with many subsequent arrests resulting.

Many words have been written and spoken in articles and clinics about the increasing losses to retailers and what can or should be done to reduce them. There is one item, however, that I feel is of great importance and on which greater emphasis should be placed. That is the proper training of all categories of employees in store protection matters so that when an irregular or suspicious situation is observed they will know exactly what to do and how to notify and cooperate with their protection office. Employees can be a most important cog in discouraging shoplifters and check operators if they are made to realize from the store training program that it is part of their responsibility to the store. There are those customers who swap tickets from one item to another in order to get it cheaper and there are those who mark down the merchandise themselves and then hand it to the sales girl. These are situations where proper training of sales personnel to be familiar with merchandise and pro-

cedures can be helpful. The same is true of training of credit office personnel with reference to check cashing and irregular or fraudulent charges. I always think of one smaller Cleveland store where all bank checks presented were channeled to one man in the credit office for OK. He became uncanny in his judgment and many arrests were made in his office because of his clever manner of detaining a suspect without his arousing his suspicions. When a check was presented on which he had received a previous warning or on which he detected an irregularity, a pre-arranged code statement to another office employee such as "Did Mr. Doe stop in to make that payment on his account?" meant to get the Retail Board Protective Division on the telephone and ring his line and tie him in on the call. When the telephone in my office was picked up the credit man would be carrying on a conversation which indicated that he was detaining a bad check operator under pretext. He would still be carrying on the telephone conversation when we walked into the office while the check operator sat at his desk.

#### Checking New Employees

Another preliminary necessity should be a required routine of checking all new employees through the local association, credit bureau and police files and the reporting of any desirable information to the association files for the benefit of the next possible employer. Employment applications should be complete and require detail information from the employee. It is amazing how much data is lacking when the personnel department is contacted to determine whether or not a criminal record which has been uncovered may be on the same person as the applicant. If a female, the maiden name is not obtained. Sometimes the husband's name is not available. This is necessary for a credit check since credit records are filed under the husband's name. Date and place of birth should be obtained. There have been instances where stores and hotels only ask for the age at time of application.

The May Company Los Angeles

store devised the following check list for employees in preventing shoplifting as an aid to employee interest.

*How Sharp Is Your Private Eye?* Who's smarter . . . YOU . . . or a shoplifter? A total of seven "Yes" answers indicated they were smarter than the shoplifter and eight to 10 "Yeses" that they could give Dick Tracy pointers.

#### DO YOU:

1. Keep the "Just Looking" customers within your sight? Yes— No—
2. Acknowledge all waiting customers with "I'll be with you in a moment?" (Legitimate customers and dishonest ones are then aware *you know they're there!*) Yes— No—
3. Keep tables, counters, racks, neatly arranged? (An orderly arrangement discourages quick "pick-ups.") Yes— No—
4. Quickly return to stock, merchandise shown to customers? (Remove the temptation!) Yes— No—
5. Ask "May I help you with that, please?" if you see a customer carrying a piece of merchandise? (She either wants to try, buy,—or will become shy and relinquish.) Yes— No—
6. Keep the fitting rooms clear of merchandise? Yes— No—
7. Give children and adolescents the same attention you would adults? (Children are sometimes dared, bored, or ignored, into pilfering.) Yes— No—
8. Take care not to leave the section unattended? Yes— No—
9. Take care not to turn your back on a customer? (It's discourteous to legitimate customers and tempting to shoplifters.) Yes— No—
10. Report to your supervisor anything of a suspicious nature? Yes— No—

Total Yes— No—

P.S. If you score 5 or less "Yes" answers . . . better watch it! Poor service makes for easy pilfering. Your low score could mean your Slips in Service as showing!

And now a word about the credit office and the problems confronting them as to fraudulent charges on good accounts and fictitious accounts and load-ups on legitimate accounts. Little has been written or said about

## THE 46th ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

THE PALMER HOUSE, CHICAGO, ILLINOIS, JUNE 5-9, 1960

National Retail Credit Association

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this phase of the business which is a contributing factor to lower store profits. An alert credit office is a good defense against this problem, particularly in pre-holiday rush seasons like Christmas and Easter and other special buying periods. Accelerated service and increased sales to the buying public has brought on a more liberal extension of credit with its added problems of planned fraudulent operations and related matters. Again proper training of store personnel can be most helpful in an effort to curtail the activity by instructing them as to what proper identification is and making a comparison of signatures on the identification with that on the sales check. Six major Cleveland stores participate in the Charga-plate system and this also adds to the problem when Charga-plates are carelessly handled, become lost and get into the hands of persons with ulterior motives. A clerk should suspect that something may possibly be wrong when a Charga-plate is presented at a store for which it is not notched. However, there have been occasions when Charga-plates have not been notched and have been forced in the stamping device.

#### Two Divisions of Problem

It appears that the problem falls into two divisions:

a. the losses which are due to improper employee training or carelessness, and

b. the 100 per cent definite fraud which results from the calculated risk and the desire of retailers to be of service and inability to properly investigate charge application. Fraud losses, like shoplifting, may be higher in some departments than in others and a detailed study would probably verify this fact. Possibly a good deterrent would be to lower the "take-with" limit in such areas and also to change the limits in various departments from time to time. Frauds involving legitimate customers usually are not detected until the real customer receives a statement and complains about purchases for which he or she is being billed. To protect other stores when a fraud is detected, a quick report to the association office is desirable so that a warning may be issued. For that purpose we provide a Fraud Affidavit Form to the members consisting of a white original copy and a tan carbon copy which the customer executes.

In some cases the customer may deny having purchased certain items for which she was charged although

there is indication she did. The customer generally is curious and questions the reason for the sworn affidavit. It is then that the customer can be told that it is necessary for the purpose of collecting insurance. Also that a police investigation will be made and it will be used for court evidence and testimony when the impostor is arrested. Under these conditions some customers will suddenly remember that the questioned articles were properly charged to her, or may come up with further information to assist in the investigation. The copy is sent to the association office and is checked against the Credit Bureau's file to ascertain whether or not there is a trade card on file for the person. If so, information is recorded on the card to indicate that on said date subject store reported a fraudulent charge of given amount. Any Credit Bureau member making subsequent inquiry on the person as the result of an application for credit or other reason would then receive this information as part of the credit record. As a result, arrests have been made because the impostor would go into another member store and file an application. The fraud charge affidavit is set up in the Protective Division files and sent to member stores as a warning on a four-block or eight-block warning bulletin, depending on how much bulletin material has been accumulated.

I have often wondered how many persons got the idea to fraud charge when they saw a sales check giving a good customer's name and address discarded on the store floor? Good housekeeping could help in this instance. On occasion the use of a lost or stolen Charga-plate or a regular straight charge may become so active that it is desirable to issue a reward based on the seriousness to the sales person who is alert enough to detain the impostor under pretext until the protection office can take over or at least retain the Charga-plate if the individual escapes. The reward feature gives the sales person the incentive to be more alert and has proved its merit in some of our cases where the amount of loss was getting so high some sort of action had to be taken to at least recover the Charga-plate if not make an arrest.

Another source of loss could be the loss or destruction of sales checks before being recorded on the account and could also include sales checks of friends, other employees and relatives. There have been instances of employees altering sales checks to higher amounts to cover

shortages caused by the destruction of other checks.

Prosecution on "load-ups" cannot be had because of the inability to prove intent to defraud. Generally there has been no agreement between the store and the customer limiting the extent of purchases and the approval of the charge account is an invitation to the individual to charge as much as she wants. The police prosecutor's office must be consulted on all cases before a warrant can be issued. Some credit managers have felt that it should be considered a criminal violation on a "load-up" when a customer opens an account in their proper name but gives erroneous and fictitious supporting information as to place of employment, marital status, residence address, etc. Our police prosecutor's office has ruled against such a situation being a violation sufficient for a criminal charge, taking the stand that the store erred in not making a proper investigation of statements made in the customer's charge application before opening an account and authorizing its use.

#### Criminal Intent

The mind with criminal intent is always thinking up something new and you will agree that if the average person knew more about store operation as regards to charge limits, etc., more difficulty would probably be encountered, particularly in connection with the use of Charga-plates. One of the schemes used lately is to ascertain the name and address of a good charge customer by finding a discarded sales check or through other means, telephoning the credit office and reporting a change of address from the customer's good one to another and requesting a new Charga-plate. In this procedure the impostor can purchase "take-with" merchandise or have same sent to the new address for interception when delivery is made. To combat this type of activity a form letter of acknowledgement and thanks could be written to the customer. Not having made a request for change of address and a new Charga-plate, the customer would probably get in touch with the store at once and the attempted fraud would be uncovered.

Another scheme which is being used more and which must be guarded against is the use of lost or stolen Charga-plates for identification to cash checks by making small payments on the account and receiving the balance of the check in change. This type of activity is not a continuing one since the impostor must



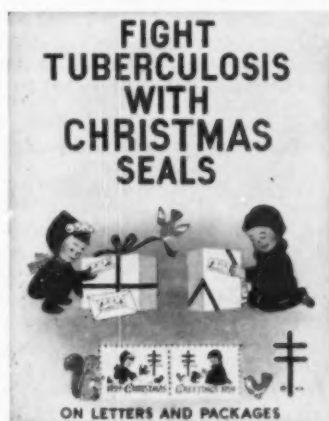
confine his or her activity to a short period of time or stand the risk of being caught.

Considerable difficulty was being experienced by major stores in connection with telephone and mail orders from run-down sections of the city wherein merchandise was requested delivered to good addresses in fictitious names. The addresses were those of buildings originally constructed to house one or two families but now contain a great many more than that. In police language they are known as "battle-ships." The merchandise was either received by occupants of the address under assumed names or intercepted by persons from nearby dwellings who would wait for the delivery. Store invoices, naturally, were returned marked "unknown" or "unclaimed." To combat this activity an alphabetical address file was set up with lists of same furnished to member stores after they had checked their records and provided 3" x 5" cards to the central office of addresses being used in this manner. This procedure pinpoints such locations and areas to the extent that mail and telephone order and credit office personnel become familiar with them. The delivery department and the personnel also pay special attention to troublesome addresses and locations. Although some arrests have been made on fictitious mail and telephone order cases, such investigations require a great deal of time and effort on the part of store protection personnel and city detectives in following the delivery, sometimes posing as store delivery men and in observation of the premises.

As an aid in properly investigating cases involving fraudulent charges on accounts, a standardized handwriting form was devised and is furnished to member stores in order that uniform handwriting specimens may be obtained from suspects or arrested persons for comparison purposes with unsolved cases. These specimen sheets are forwarded to Protective Division for reproduction and copies are then furnished to the major stores for their use. The specimen handwriting form contains every possible form of slant and curve and is an invaluable aid to the investigation of fraud cases. Heretofore, handwriting specimens were submitted to Protective Division on all sizes, shapes and types of paper and were inconsistent and difficult to reproduce. The procedure has been standardized through the use of the standard handwriting specimen form

and the store protection staffs and police departments find it most helpful.

Another function of the Protective Division is to aid and assist in fugitive cases. More than one member store or hotel may have been victimized by a defendant who is subsequently apprehended in another city. Rather than have the individual stores make the cash deposit with the police department and take the necessary legal steps to return the person for trial, the Protective Division acts as the coordinating agency and makes the necessary cash deposit with the police department. The amount of deposit is based on the expenditure necessary to send detectives to the city of arrest to return prisoner and is refunded after court procedure is terminated. The



deposit might be called a guarantee of prosecution and precludes the possibility of a check or other type of fraud victim accepting restitution before the case is completed in court and interfering with successful prosecution.

Another group operated through the Protective Division is one known as the Customer Relations Group and is made up of store adjusters and customer service department heads who have a luncheon meeting monthly to discuss their mutual problems, exchange ideas and discuss troublesome names. They are provided with a form on which to report persons guilty of chronic returns, unfair complaints, short orders and non-deliveries. Also of interest is any refund activity. Reports submitted go to make up a special file for the benefit of the group and member stores on troublesome customers. The matter of merchandise returns in all its phases continues as a problem to retailing and suc-

cessful operation of a group such as this can be most helpful. The Cleveland group was instrumental in the formation of the State Customer Relations Conference which held its eleventh meeting in Columbus, Ohio, on April 30 and May 1, 1958, and met again in October, 1959.

Until November, 1950, Cleveland had no city ordinance under which stores could operate in relation to the return of merchandise. In the absence of such an ordinance, there was a general operating principal recommended and, in most cases, followed by representative stores.

This is headed "Suggestions Regarding Return of Merchandise to Aid Customers and Stores" and consists of the following:

#### I NON-RETURNABLE ARTICLES

The following articles for legal, sanitary or other reasons, should not be accepted for return:

- (a) Bedding and mattresses.
- (b) Combs, hair brushes and tooth brushes.
- (c) Hair goods, hair ornaments and veils.
- (d) Rubber goods sundries.
- (e) Women's hats which have been worn or which have been made especially to the customer's order.
- (f) Merchandise of any kind which has been used.
- (g) Articles of wearing apparel which touch the body should they have been tried on or worn.
- (h) Garments, shoes or like merchandise which have been altered for the purchaser.
- (i) Merchandise which has been made to order or especially ordered and which is not carried regularly in stock.
- (j) Goods cut from the piece at the request of the customer.
- (k) Articles not in their original condition.

#### II SALES CHECKS

The sales check should accompany all returned merchandise.

#### III GIFTS

Gifts, if accepted for return, should be in exchange for other merchandise.

#### IV TIME

Any article of merchandise, which for some reason is to be returned to a store, should be returned within a reasonable time—seven business days. It is suggested that merchandise, if accepted for return after allotted time, be credited at the current selling price.

These suggestions are printed on hard 9" x 11" cards for store display and also on same size soft material for use as inclosures.

In 1949, a city councilman got into an argument with a small merchant over the return of merchandise and this resulted in the creation of a definite city ordinance. The proposal for the ordinance was dragged around for some time and when it was found that many good features could be incorporated, the councilman-author was consulted, his ideas redrafted and the present city ordinance is the result. It has been in effect since November 27, 1950. It makes little or no change in the method of operation in representative stores, but does give their action legal standing and/or a law to back them up. Anyone desiring a more lenient policy than that provided can go ahead on his own and not be in violation of the law.

This city ordinance reads as follows:

Ord. No. 628-50.

An emergency ordinance to supplement the Municipal Code of Cleveland of 1924 by enacting new Section 3031.2 relating to returns and refunds on merchandise.

Whereas, the ordinance constitutes an emergency in that the same provides for the usual daily operation of a municipal department; now therefore,

Be it ordained by the Council of the City of Cleveland:

Section 1. That the Municipal Code of Cleveland of 1924 be and the same is hereby supplemented by enacting new Section 3031.2 to read as follows:

Section 3031.2. Returns and Refunds.

Whoever, having sold any merchandise in any retail store in the City of Cleveland, refuses, except for reasons imposed by law, including state or municipal health codes to accept for exchange, credit or refund the return within five business days of such merchandise, if the said merchandise is in its original condition and has not been altered at the customer's request, and is accompanied by the original sales slip, for exchange, credit or refund, unless such merchandise has been sold pursuant to advertising clearly stating that such merchandise is sold on final sale and not subject to return, or has posted prominently and conspicuously in such establishment a sign stating that all sales are final and not subject pursuant to advertising clearly stating to return, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not less than \$25.00 nor more than \$100.00 for each offense.

Section 2. That this ordinance is hereby declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of the members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

This city ordinance is also repro-

duced and provided to member stores for use as they see fit.

About March 24, 1959, a case occurred which shows how the central office was beneficial to the Customer Relations Group. A major store telephoned to report a name and two addresses used by a woman who was obtaining due bills on shoes which they felt were being stolen from their basement store. A check of Protective Division files disclosed that the name given was the maiden name and the addresses were former addresses of a woman who had been reported on November 6, 1953, for embezzling about \$1,000 from a hotel while employed as a cashier, who had been reported on March 23, 1954, for appropriating incoming receipts while employed at a smaller store and who was charged with forgery on April 16, 1957, for using the name of a woman with whom she formerly roomed on a due bill and refund operation. On this latter activity she was sentenced to the Ohio Women's Reformatory on July 11, 1957.

#### Exchange of Information

With this information in their possession, the store protection staff gave special attention to the situation and three days later, on March 27, 1959, the woman was arrested in the actual theft of merchandise from the reporting store and was subsequently charged with petit larceny.

The following story is a bit on the unusual side and illustrates how associations in cities can work together in assisting one another through the exchange of information, warnings and bulletins.

The story started January 10, 1952 when store reported a \$60 ladies coat returned by one James Bradford, age 24-25, 4226 Catalpa Dr., Dayton, who claimed to have purchased it the first week in December for shipment to England as a gift. He alleged that he was an English exchange student at the University of Dayton and that the Embassy or Consulate had returned the coat to him because the person for whom intended would have had to surrender too many ration stamps. He further indicated he got an allowance from the British Government and unless the purchase price of the coat was refunded he would be short that much and it would be difficult for him to get along. He could produce no sales check and other store record keeping methods indicated the coat had not been legitimately sold. Subject had a good line and said that he would have to take the

matter up with the authorities in Washington if he did not get his money. The store was advised to check their sales records carefully for the period of indicated sale and to determine if the address given was a good one. They were also instructed to call back if anything irregular was uncovered. However, nothing further was heard that day.

At 1:15 p.m. the following day another store reported a \$59.95 ladies coat being returned under the same circumstances by a young man giving name Oscar Hawkins, 4226 Catalpa Dr., Columbus. He even pointed out a veteran sales clerk as having sold him the coat but she denied ever having seen him before. He left the coat with advice he had to make a class and would return later.

On receipt of second call telephone warning was issued with another store advising they had refunded \$118.45 the early afternoon of January 10, 1952 to a man giving name James Bradford, 1426 Catalpa Dr., Cleveland Heights, on a ladies coat.

On receipt of warning bulletin, Boston, Massachusetts, source reported that subject was apparently one Oscar Payson Hawkins, Jr., with criminal record. Wichita, Kansas, also advised that same man had apparently obtained \$85 from one of their stores on a similar operation. Photograph obtained through the United States Probation Office at Buffalo, New York, was identified in store where the \$118.45 refund was obtained. Nothing more was heard until March 25, 1952, when Protective Division received call that man who had obtained \$118.45 refund on a ladies coat early in the year had been recognized in the store by an employee and was then being followed in the Cleveland Union Terminal by a woman store detective.

Next call indicated he had been followed to a downtown theatre and was seated in the fourth row from the front. We arrived on the scene, looked subject over while he slept and felt sure he was the right man from previous description. While he slept, however, two employees from the store were called to the theatre and made positive identification. He was then awakened and taken to the lobby for search and questioning. He admitted his guilt, stated he had been traveling about the country, stole the coats from the racks himself and was familiar with the manipulation of price tickets because he had once worked in a Los An-

## NRCA Forms Do a Better Job

Age Analysis Blanks . . . . .	\$11.00	Per 1,000
Credit Application Blanks . . . . .	10.00	
Good Things of Life on Credit (Educational Booklet) . . . . .	20.00	
Stickers and Inserts . . . . .	4.00	
Soldiers' and Sailors' Civil Relief Act (Booklet) . . . . .	.75 each	
CREDIT WORLD Binders . . . . .	3.50 each	
N.R.C.A. Electros . . . . .	.75 each	
N.R.C.A. Membership Signs . . . . .	1.00 each	
Pay Promptly Advertising Campaign (18 mats) . . . . .	3.00 each	

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**NATIONAL RETAIL CREDIT ASSOCIATION**  
**375 JACKSON AVENUE** **ST. LOUIS 30, MISSOURI**

geles department store. Hawkins gave his residence as Huntsville, Ala., was charged March 26, 1952, with obtaining money by false pretense on the felony statute and was subsequently sentenced to the Ohio State Reformatory. On his parole he returned to Cleveland to make his home.

The nation's fastest growing crime, check passing, has taken on a new angle in recent years, and that is the forgery and negotiation of company checks and checks belonging to individuals previously stolen during the day time office sneak thefts or during burglaries and safe crackings in the night season. The main reason for the growth of this particular phase of check cashing throughout the nation is the carelessness of businessmen in not keeping their blank checks under lock and key when not in use. In other words, they should be treated the same as cash—locked up when not in use. Banks could be most helpful in curtailing this activity by inserting a printed card in the front of all check books advising their accounts that law enforcement authorities have requested their cooperation in keeping their blank checks under lock and key and that if there is need to change banks or style of check that all the old or obsolete checks be returned to the bank of issuance or completely destroyed by burning rather than being thrown intact into the rubbish where they sometimes fall into the wrong hands. They could also be instructed to promptly notify their local police department if checks are found

missing so that an immediate warning can be issued. The investigation of this kind of check fraud is most difficult in that several parties are usually involved. 1. Those who steal or procure the blank checks. 2. Those who actually might be called the "brains" since their job is to fill the checks out and use the type-writers and check protectors on them and 3. The dupes who do the cashing in business houses. The cashier has either purchased the check outright for a sum of say \$5 or more, or cashes it on a percentage of the profit or pretention of the merchandise obtained in cashing the check. Although cashiers are arrested from time to time, they are the dupes and their arrest does not do much in most cases to assist authorities in breaking up the ring. They are the type of criminal element who will do anything for a small fee and perhaps don't even know who the leader of the ring is. Cleveland Police recently arrested nine defendants in one of these rings who were charged with passing 41 checks. Two are still sought. Some of the arrests resulted because of warnings issued by our office.

People by the millions are paid weekly, semi-monthly and monthly by check and expect to cash these checks where they spend their money. Most merchants accept this fact and use it to increase business and build good will. In addition to the no account and bogus checks, the volume of not sufficient fund checks is increasing where people take advantage of check cashing services offered by merchants.

Proper education of employees and a modern check-cashing program can control check cashing and make it profitable. An Ohio food chain with 89 outlets offers the following figures which are of interest. In 1957 their total volume of checks cashed was \$62,211,742. On this amount their loss was \$3,595.00 or \$57.58 for every \$1,000,000 worth of checks cashed.

In 1958 their total volume of checks cashed was \$65,827,924 with a loss of \$4,472.00 or \$6.26 for every \$1,000,000 cashed.

They give a great deal of credit for this record to the warnings received from the Protective Division of the Retail Merchants Board, the advice given at various times and to their own central control for reducing and curtailing check losses.

The foregoing remarks will indicate to you that I am a firm believer in a community program through a merchant association, credit organization or other office as a means of saving money for merchants and hotels. The better the cooperation the better the results. Professional crooks, and this includes the amateurs, too, operate over a wide area and through more than one store. The striking power of a group of merchants and hotels cooperating and working together compared to merchants following a lone and individual path is obvious. The criminal element soon learns that such a community program exists and will steer clear of such areas.

Interest, desire and cooperation is all it takes to do the job. Why not get started now in your community?



# Successful Credit Department Operations

ALBERT A. BIEL

Operations Manager, American Furniture Company, El Paso, Texas

An address before the 45th Annual International Consumer Credit Conference, Dallas, Texas, June 24, 1959



I AM PLEASED to learn that "Making Credit Profitable" has been selected as the theme for this conference. It has, for a long time, been my conviction that credit can be profitable when management recognizes the credit department's contribution to the over-all profit picture; provides the credit department with positive incentives for a profitable operation; and the credit executive accepts his responsibility side by side with the merchandise manager and the controller as a member of a profit team.

In the last 10 years the retail furniture industry has been plagued with a rapidly reducing gross profit margin and a constant rise in expenses. It is interesting to notice that when we make a comparison of the average during the past five years with the average during the previous five years the operating profit on a dollar of sales has decreased 30 per cent while the income from credit services on each dollar of sales has increased 35 per cent.

A furniture store's investment in receivables, on a national average, is about three times its total investment in merchandise and equipment. It has therefore become obvious to us that in running a furniture store we are running both a merchandising operation and a financing business with three fourths of our capital invested in loans to customers, commonly called accounts receivable. It has been my pet project, therefore, to establish accounting procedures that will point out the credit department's contribution to the over-all profit picture and I have strongly advocated the abolishment of those antique practices by which the operations of the credit department are negatively camouflaged as a necessary evil under the heading of administrative expenses.

The credit manager today is not a watchman but a partner of the merchandise manager. The credit department is not an administrative expense but a profit producing department of the business.

Management will recognize the credit department's potential when it is willing to admit:

- a. That credit is not only a service which customers expect and demand, but
- b. Since it provides the means by which we can enjoy today the finer things in life, credit is a tangible commodity, much sought after, which customers are willing to pay for,
- c. That this highly attractive commodity, credit, can be promoted in much the same manner as we create a desire for rugs and sofas and refrigerators and,
- d. That credit can be sold at a fair margin of profit for the firm, at the same time winning the respect and confidence of its customers.

Management can provide the proper positive incentives for a profitable credit operation when it assumes a positive attitude in analysing credit losses and collection percentages and is willing to judge its credit department performance, not by the number of dead beats it has accumulated on its ledgers, not on its delinquency ratio, not on its collection percentage, but rather on the dollars and cents that it has contributed to the

profit total on the accounts it has opened and on the foundation it has built for the assurance of future profits.

How do we get management to go along? Speak the language that management understands. We are living in an age of change. I have heard it said that any retail operation that did not change more in the last five years than in the previous ten has, very likely, taken a step backward. And any retail operation that does not change twice as significantly in the next five years as it did over the last five years, will perhaps, be taking two steps backward.

Consequently my first suggestion to a credit executive who is willing to accept today's challenge is spelled out clearly in the newspaper ad which reads: "It pays to get rid of things that hamper you."

In my opening remarks I said that there can be no progress without a goal. My second suggestion is very simple. If we want a profitable credit department operation then *profit* must be our goal. If we believe in ourselves, if we have faith in our ability to accomplish our purpose, if we have the fortitude to back up that belief and prove our faith with considered action, persistently; then we have it made; provided, of course, that our actions are governed by the philosophy that our goals can best be reached by serving our customers best. We must give our customers a full measure.

A credit manager cannot run a department alone. First he must of necessity gather around him the aids and helpers, the machines and the tools, without which his department cannot function. It is immaterial what system we use, whether we call it National Cash Register, Remington Rand, I.B.M., etc.

I would like to bring to you an X-ray picture of the tool which is the basic fundamental. Here is a secret X-ray view of one of our thinking machines. It's a very ancient model, just about as old as time. No pushbutton, no bells, no clankity-clank. But we have found that if you feed it facts and figures, and coffee and a sandwich maybe; and leave it alone for a while . . . *there is no limit to what it can do*. Frankly, no mechanized model is ever going to replace it. Not around our place anyway.

These tools come in different sizes and colors; different qualities and prices. We find them in the market under the name of John and Mary and Frank. Some are good, some are bad, others are mediocre, but we cannot get along without them. The very best are not the most expensive and it is our job to see that our department can afford none but the very best. It is the credit man's responsibility to see that wage levels are set in his department which are in line with the going rates in the community, and to fight with management if necessary in order that this may be accomplished.

We must remember that investment comes before the return. We must give before we receive. When we expect something for nothing we get what we deserve . . . nothing. You can *save* money by cutting expenses, but you can *make* money only by spending wisely. Poor help is the most expensive luxury.



The success of our department depends on our ability to select, train, and motivate our employees for the job that we want them to do. If we want our department to make money then we must hire employees who will make money for us. We must not only train and train until they can do the required job, but we must create in them the desire to do that job better.

If you have ever seen the manager who is so busy doing what he thinks is his job, that he is too busy to train his employees and thinks that it is easier to do the job himself, then you have seen the man who will be forever counting pennies, and nowadays you cannot buy very much with pennies. Select, train, and motivate, these are magic words. Magic words, indeed, because when you have mastered the art of selecting, training and motivating people, the whole world is yours.

Let us check ourselves on a few points regarding our personnel.

How many employees did we hire during the year?

How many left us? Why did each one of them leave?

How many of them left for the same reason?

How many did we dismiss? Why? Are we too easily satisfied with mediocre performance?

How many employees are we keeping that do not belong on our team?

So we now have a credit department, fully and ably manned. Our next step is to go out and get business. Wallace E. Breuner, President of the National Retail Furniture Association says: "The credit manager who does not think and plan the promotion of his commodity is as old-fashioned as the buyer who believes he can build volume by constantly being out of merchandise."

A credit man who wants to promote his department begins by getting top management to go along on the establishment of an adequate advertising budget. He follows through by meeting with the advertising manager regularly and plans his promotions at least 60 days in advance.

How much do we charge for our services? Six per cent—eight per cent—ten per cent? Should it be one per cent a month or one and one-half per cent a month? In answering this question we should bear in mind that our carrying charges should not be determined by the cost of money but by our administrative expenses. Our credit service charge income must be sufficient to meet our expenses and should yield a fair margin of profit on our investment. The important thing is, that regardless of the system that we use, regardless of the rate of carrying charge, that we do not permit customers to pay as they please without making sure that they are paying for that privilege.

#### **Skip December Payments**

About two years ago, an enterprising finance company in California wrote a letter to 15,000 of their best customers giving them an opportunity to skip their December payments. The payment of an extension fee moved their schedule of payments one month ahead. Over one third of the customers accepted the offer and many wrote in to say how wonderful it was. Over \$25,000 in extension fees were collected. I mention this merely to point out that customers are willing to pay for credit services when they feel they are getting full measure for their dollar.

To permit customers to skip payments without an extension agreement and without assessing the proper charges is the same thing as throwing merchandise away. Bad debt losses are nothing compared to money lost by failure to charge customers with the service charges that rightfully belong to us.

Periodically, we must check upon ourselves to see if we are operating according to plan. We must check up on credit losses and repossessions. Those we will always have with us. They are a part of the cost of doing business.

We must check up on our per cent of collections. The percentage of collections is arrived at by taking the average monthly collections and dividing that figure by the average accounts receivable balances. It is nice to know what this figure amounts to but all too often this figure is used to gauge the effectiveness of our collection efforts. Nothing can be farther from the truth.

In my estimation there is but one way to find out what kind of a job we have done as far as collections are concerned. It is my own formula and very simple. We simply take the amount of money we have collected and divide it by the amount of money we should have collected.

The resulting percentage figure in my opinion is the only true measure of a collection job. Of course, it is true, that the only way we can get this information is by aging our accounts; going through each account and setting out on each account how much of the balance is current, how much is past due and for how long. It is a lot of work, but it is a lot of work to be a credit manager, and the credit man who thinks that aging his accounts is too much trouble, is like the merchandise manager who wants to get along without taking inventory.

#### **Making Credit Profitable**

Now I have reached the point where I want to summarize the few remarks that I have made. To begin with, if we must make credit profitable, management must be sold on the money making potential of the credit department. Management must buy the fact that credit is a highly desirable commodity which can be promoted and sold at a fair margin of profit. We must establish accounting procedures to take the credit department operation away from the expense columns and set it up as a profit producing department on its own. We must have a credit manager with vision and a purpose—one who is not afraid to change, to get rid of the things that hamper him. He must be possessed of the five basic ingredients: (1) Knowledge, (2) Character, (3) Willingness to learn, (4) The desire and willingness to help people, and (5) Poise and balance.

He must have faith and belief in his ability and must back up that faith with considered action, persistently.

He must talk management into setting the proper wage levels in his department that he may select the best help obtainable.

He must hire employees who will make money for him.

He must train them for the job they are to perform and must create in them the desire to do that job better.

He must think and plan the promotion of his commodity with an advertising budget, hand in hand with the merchandise manager.

He must see that his commodity is competitively priced and he must not suffer any waste by permitting his customers to pay as they please without proper charges.

He must stop as often as necessary to check his bearing and find out what kind of a job he is doing.

Above all he must realize that the commodity he is promoting is a service and he must measure the value of every contact with his customers by this one standard: That all service rendered is honest, prompt, courteous and complete. ★★★

# How to Get New Credit Business

**WILLIAM F. COFER, JR.**

*Credit Sales Manager*  
Neiman-Marcus, Dallas, Texas



**H**OW TO GET new credit business is vital to every progressive sales-minded credit executive. It is a phase of credit management that separates the men from the boys and credit executives from the credit supervisors. As credit executives, we must look for ways and means to contribute to our firm's profit. Without a profit, how can our firms progress and expand. It is our responsibility to get new credit business. (1) Solicitation of new charge customers, (2) Promotion of present customers, (3) Development of attractive credit plans, (4) Promotion of inactive charge customers, and (5) Development of good customer relations.

(a) *Solicitation of new charge customers through our sales force:* What better tool could we use than our own people who are well versed with our merchandise, our policies and our ambitions. Also, our sales force can use credit to make additional sales while the customer is in the store. This method is the most economical and effective way of soliciting new charge customers.

(b) *Direct mail:* Develop a list of potential customers from newcomers to your area, business organizations, country clubs, car registrations, civic organizations, etc. These along with the lists of convention delegates can give you potential new customers and additional volume for your firm. A personal letter, a postcard, a brochure, or just an invitation card can be used to solicit these customers to open an account with you and be put on your mailing list.

(c) *Newcomer service through the credit bureau:* This has proven successful in our area and many areas throughout the United States, and it enables the credit bureau to get their files up-to-date on people moving into your area. In other words, rather than obtain out-of-town credit files when a customer requests an account at one of the stores, the bureau interviews the customer and obtains this credit information in advance. Those firms that belong to the Newcomer Service can be the first to welcome the customer and to open an account. Do not underestimate the advantage of being first.

(d) *Teen-age charge accounts:* Here is a virgin territory for all credit executives to plan for the future and obtain additional sales volume. Mrs. Kay Corinth, Merchandise Director for *Seventeen Magazine* has done quite a bit of research on teen-age girls. Her investigation shows that there are eight and one-half million young women between 13 and 19, and when you include boys, it increases to over seventeen million. It is estimated that teen-age girls who work earn 2.6 billion dollars, and including allowances, gift money, use of mother's Charga-Plate, etc., the dollar figure becomes 4.2 billion dollars. This is for girls only. Therefore, as boys earn more than girls, and there are more boys than

girls, a minimum figure of 10 billion dollars is a reasonable one. Not only is this a market that can be tapped today, but think about the future. The teen-agers of today will become your best customers tomorrow.

(e) *House to house, newspaper, and telephone:* These can be used very efficiently to get new charge customers.

Promotion of present customers can be facilitated through statement enclosures, brochures, Christmas booklets, special notices of sales, etc. A letter of thanks to customers who have paid their accounts promptly creates good will and a closer relationship between you and your customer. Many firms use an annual "thank you" letter at the end of the year thanking those customers who have shopped faithfully and have handled their credit wisely.

The most effective method of promoting your present customers is through your sales force. Distribute the names of new customers, inactive customers, and even active customers to your sales force, and develop a letter from the sales girl to your customer, inviting her to come in and shop. Be sure that this invitation carries specific merchandise appeal, because nobody is interested in just coming into a store just because a letter invited them. Invitations to special events, to lunch, to civic affairs, etc. helps to tie in your customers with your firm.

A branch store opening offers excellent opportunities to get new customers, interest present customers, and regain lost customers. First, you should define the trade territory that your branch store covers and solicit new charge customers in that area as well as contact present and old customers and let them know what new and exciting collections are available for them in their immediate area. An invitation announcing the opening of your branch store can promote additional business. If you use Charga-Plates, they can be utilized in branch store openings.

*Good customer relations:* All credit sales promotion goes for naught unless the service to your customers is good. The solution to good customer relations is (a) Desire to help—to educate customers in the wise use of credit, to advise those who are starting out in the world as to the great potential credit offers in making their lives fuller and happier, and to lend a helping hand to those who have misused credit and have fallen into debt.

(b) *Training*—try to have the right people in your credit office; train them in the over-all store policy; train them for the job and on the job; train your staff to be friendly; how to use the telephone, how to write good letters, and train yourself to follow through. Then do this over and over and over again. (c) *Smile*—one of the greatest pleasures I get out of credit management is being able to make a dissatisfied customer become happy with my firm, and to continue to be friends. The smile is the most underrated asset that the human being has, and yet, it can open all doors when used sincerely. History tells us that Davey Crockett grinned a coon out of a tree, so can you grin the most irate customer out of his anger. ★★★



# FROM THE *President's Pen*

## Happy Thanksgiving

**T**HIS THANKSGIVING, as President of the National Retail Credit Association, I would like to thank all those who have done so much to make N.R.C.A. the outstanding Association it is today. You have all given so generously of your time, talent and interest. No matter how many we recognize, some will be omitted. If you think you have been left out, believe me, it was not intentional.

So, starting with our oldest friends, the Associated Credit Bureaus of America, let us give thanks to Tom, Pete, Tug, Mac, Francis, Bert, Frank, George, Marie, Helen, Grace, Don, Rudy, Bill, Zack, Pren, Elmer, Howard, Ed, Bernard, Bob, Charlie, Ken, Erwin, Harry, Fred, Lorry, Norm, Tom, Jim, Ralph, Irene, Steve, Walt, Culley, Art, Sherman, Carl, Chapin, Carson, Comer, Bland, Vern, Jerry, Mary, John, and all of the wonderful staff at ACBoFA and a host of others for their wonderful cooperation.

Then we want to thank the ladies. The Credit Women's Breakfast Clubs of North America is a loyal and enthusiastic ally. Let us start with Avadana, Helen, Mary, Inez, Una, Darleen, Rita, Martha, Ethel, Pauline, Lorene, Bertha, Georgia, Doris, Lena, Patricia, Grace, Jean, Ruth, Alta, Dorothy, Lily, Marjorie, Mabell, Nelle, Francis, Marie, Lois, Stephanie, Marcella, Polly, Joann, Hilda, Anne, Elizabeth, Geneva, and all the other ladies that belong to this wonderful organization.

And, now a word of thanks to our own members. While they all deserve our thanks, here I mention only a few. To our past presidents Gil, Eldon, Wimberley, Kaa, Bill, Henry, Royce, Clarence, Dick, Dean, Hugh, Harry, Joe, Earl, Erwin, Bob, Leo, Gordon, Giles, Frank, Leop, and Lindley, may God bless you all. We will be forever in your debt. Also, our thanks go to Carl, Charlie, Gene, John, Henry, Vern, Ned, Jack, Bill, Bob, Cal, Lew, Harold, Ralph, Babe, Fred, Dewey, Earle, Len, Alex, Ed, George, Red, Hugh, Ernie, Burt, Tom, Dick, Al, Ray, and 47,000 others who have contributed a great deal to our success.

No statement of appreciation would be complete without mention of the helpfulness and cooperation of the wives of our leaders. They have sacrificed a great deal during the years.

Naturally, we must not forget our N.R.C.A. staff . . . Bill, Arthur, Leonard, Mary, Gert, Eileen, Esther, and others who deserve our thanks and appreciation. Without them we would be lost.

And finally, my personal thanks to John Ferguson, President, Retail Credit Managers of San Francisco, and Frank T. Caldwell, Manager, Credit Bureau of San Francisco, and especially my employer the H. Liebes Company. Their faith and unqualified support has been an inspiration to me.

*Happy Thanksgiving*

*David Blair*  
PRESIDENT

National Retail Credit Association



I SINCERELY believe that a credit executive is extremely vital in the area of sales development in retail business. Also, I am aware of the many sales and sales promotion activities in which credit managers have become inevitably involved. Individually and as a group you seem to be dedicated to expanding your activities and your potentials, and you are to be complimented and congratulated on your efforts and accomplishments. So I would just like to explore with you the role of the credit manager in today's retail business; observe the changes in your status throughout the years and consider your present operation, obligations, and opportunities.

I was interested to read in a recent issue of The CREDIT WORLD that "credit selling has been with mankind since the early days of barter and exchange and that some 250 years ago in Scotland, the first general merchandise was sold on a definite deferred payment basis."

This made me wonder what a credit manager was really like in those early days. From some of the stories I have heard, I would imagine he was somewhat like Diogenes searching out an honest man to whom he might feel safe in extending credit. But, unlike Cervantes, he did not necessarily believe that "an honest man's word is as good as his bond." . . . I am sure, and no doubt with good reason, the credit manager of old granted credit with about as much warmth as a Scrooge giving alms to the poor. Then, I presume, he watched the account closely and, like a tiger stalking his prey, stood poised and ready to claw the customer with collection letters until he drew money or blood.

Perhaps all of this is more fantasy than fact but it is true that the credit manager of bygone days never won a popularity contest either among customers or co-workers. Undoubtedly, this is because his sole responsibility was to exercise control over the extension and curtailment of credit, and in so doing he assumed the role of a policeman or guard. But times and trade have changed and no one, in my opinion, has changed more admirably in attitude and activity than the credit manager.

Today, you are regarded as custodians of credit instead of cops. You are looked upon as guardians of customers, rather than guards. You have learned how to combine caution with cordiality, firmness with friendliness, the iron fist with the velvet glove. You are probably better known by customers than any other store executive. As a matter of fact, Nate Gold, President, National Retail Merchants Association, is reported to have said that the name most familiar to his customers was his credit manager's.

I do not know how or when this change came about but, in my business lifetime, credit managers have become more and more important in the conduct of a retail business because you have so successfully widened your scope of activities and assumed greater responsibilities toward the ultimate goal of retail business volume.

Furthermore, today credit men recognize the need to be good salesmen. No longer do you reluctantly concede credit, you cheerfully sell it. As a salesman, however, you must not only know credit but you must know your company and its goods and services and, perhaps, even more important, you must know your customers and their needs and desires.



## The Credit Manager As A Sales Manager

**MILDRED CUSTIN, President**

**Bonwit Teller & Company  
Philadelphia, Pennsylvania**

MILDRED CUSTIN is the first woman to be elected the head of a major specialty or department store in the Philadelphia area and the fourth in the United States. She is also a member of the board of directors of her store.

She is known within the retail industry for her talents in recognizing fashion trends first and promoting them. She is also noted for her leadership ability. Retailers look to her for the creation and exploitation of new ideas in merchandising and promotion.

Miss Custin has been active in the United Fund and other charities. She received the Distinguished Service Award from the National Jewish Hospital, Denver, Colorado, in 1956. She is the recipient of the 1957 Achievement Award of the Business and Professional Women's Club of Philadelphia. In 1958 she received the "Woman of the Year" award from the Philadelphia Realty Association and the 1958 Achievement Award from the Philadelphia Cosmetic Association. She is a Director of the Philadelphia Art Alliance, the Fashion Group, Philadelphia Credit Bureau, Philadelphia Merchants Association, Elder Craftsman, and a Trustee of Philadelphia Textile Institute.

*This is an address given before a recent meeting of Philadelphia Retail Credit Managers Association.*

Paul Martineau, a nationally known writer and speaker on consumer motivation suggested in an article in *Nation's Business* that "sales success depends on understanding today's consumer." He said: "The first step toward such understanding is to put the consumer in focus as a human being because he is acting less and less like an economic statistic, and more and more like a creature activated by social and psychological cur-



rents." Mr. Martineau states further that: "In consumer interviews, shoppers make it clear that they give small thought to the possibilities of future money emergencies. Today, spending means acquiring desirable things and thereby raising one's standard of living. At all income levels, the consumers freely stated that they want to enjoy life now. Again and again, spending is explained as really investment in the future." Therefore, Mr. Martineau concludes that: "The task of merchant or manufacturer will be more to attract customers' expenditures to him and his product, rather than persuade the consumer to part with his money."

Of one thing you can be certain, most of the consumers to whom Mr. Martineau referred are women. Need I remind you that most of the spendable income in this country is in the hands of women who do 85 per cent of the nation's purchasing. And it would seem important to include among these women "teen-age women" who now have the money, the ability and the parental permission to shop on their own. I know that many of you are directing your attention to this group and wisely so.

Since you know that your customers for the most part are women of all ages, women who are ready and willing to part with their money for whatever merchandise satisfies their needs and desires, it would seem to me that you have an obligation to understand women from a motivation point of view and to observe them with the clinical eye of a psychologist.

What Dale Carnegie says about dealing with people is particularly true with respect to women. Mr. Carnegie says: "When dealing with people, remember you are not dealing with creatures of logic but with creatures of emotion . . . creatures bristling with prejudice and motivated by pride and vanity."

I have always had a pet theory about the woman customer. I think she has a "Queen" complex when she is out shopping. She spends most of her life catering to her husband and her children, but when she is out shopping she is *queen*. She wants service and she wants the attention. When she walks into a store with money in her hand or in her bank account she is mistress of all she surveys and she wants to be treated as a queen. She believes that *she* is doing *you* a favor by accepting credit at your store and perhaps she is because by opening a charge account, she is taking the first step toward becoming a customer.

### Sales Coordination

But when she opens a charge account, your sale is not completed. It has just begun. And it is from this point on, perhaps, that you assume your role as a sales manager, or, more appropriately, I think, a "sales coordinator."

The success or failure of your initial sales effort depends on the follow-up and follow-through. Often the first personal contact with your new customer comes after that initial "sale" of credit is made, since you frequently sell credit by direct mail or other advertising media.

In some instances you have no face-to-face contact with your customer at all and the follow-up and follow-through are handled by mail or by phone or by other people. And when the success of your sales effort depends on the manner in which other people follow through certainly your chances of losing the sale are extremely great.

It would seem to me, therefore, that all of your efforts to secure new customers and reactivate dormant accounts are wasted unless as a sales coordinator you can coordinate your activities with those of your customer-

contact co-workers including your own credit department staff, the bureau of adjustment, and the sales people.

If you assume the role of sales coordinator, I think you should consider taking on the responsibility for maintaining good customer relations all the way down the line, or you will surely lose your initial sale of credit. Actually, your sale is not successfully completed until the customer makes her purchases and pays her bills over and over again.

You will be the first to admit that it is not too difficult to open charge accounts and you will also agree that it is not always easy to keep them active. What, then, can you do about it?

As a sales coordinator, I think first you can instruct and supervise your own staff to make certain that every contact with the customer in person, on the phone, or by mail, is handled courteously, competently, cheerfully, carefully, and completely. I believe that special attention should be given to correspondence with customers. Although, in the interest of expediency and economy, it is necessary to use form letters, I think they should be written and re-written until they are as warm, friendly, courteous, considerate and personal as a general letter can be. I believe, too, that wherever and whenever possible custom-tailored letters should be used.

### Working With Sales People

In your capacity as sales coordinator, it might be well for you to consult with the personnel director and sales training director on ways and means of working with sales people and other customer-contact employees who share in the over-all sales effort. Many times a complaint or return starts at the point of sale because of indifferent and inefficient selling. It is of extreme importance that sales people understand that they, like you, sell more than merchandise; they sell service and they sell the store.

I am not suggesting that the credit manager take on the responsibility of sales training or personnel management, or handling return-merchandise. But, I do propose that it might be possible and profitable to set up a sales council composed of heads of all departments who are concerned with selling customers and keeping them sold. This would include Credit, Personnel, Sales Training, Bureau of Adjustment, Advertising, Public Relations and Merchandising. It is important, too, for the merchandising executive and buyers to know the type of people who, by virtue of opening charge accounts, are their potential customers. Conversely, it is essential for you to know the kind of merchandise and merchandising philosophy your store stands for, so that you can seek out appropriate customers.

A coordination of activities, and an exchange of ideas might result in the kind of follow-up and follow-through that will turn satisfactory charge accounts into satisfied charge customers.

Every one in a retail operation regardless of his job has a part in making the final sale whether it is selling credit, merchandise, service, or selling the store itself as a pleasant place in which to shop. It is only after all of these sales are tallied up successfully that you and your store will reap the full benefits of your efforts and your activities.

You have proved beyond a doubt that you can successfully sell and service credit for your own businesses and I might add, in conclusion, that I hope you are not going to relinquish your efforts in favor of any other groups who are now attempting to take over the job from you.

★★★



## Public Employment Offices Serve Employers In the Retail Credit Field

**LEWIS D. BARTON**

**Chief, Division of Employer Relations, Bureau of Employment Security  
United States Department of Labor  
Washington, D. C.**

**A** CONSUMER Finance Company in Tulsa, Oklahoma recently requested the local office of the Oklahoma State Employment Service for assistance in the solution of troublesome employment-management problems.

The manager of the company was concerned about the high rate of turnover among its management trainees. Although an order for trainees had been placed with the local employment office, qualified applicants for the vacancies were hard to find, since it was difficult to persuade applicants to accept referral to the company, because of an unappealing feature of the company's training program concerned with "collecting past-due accounts."

The Employment Service representative felt that the information which was available to the local office concerning the company's vacant position was inadequate to enable interviewers to do a first-rate job in pointing out its advantages. Accordingly, he arranged a conference with the manager and convincingly presented his case. The manager readily agreed that a job specification was essential. An Employment Service Occupational Analyst studied the job at the company's office, and then prepared a job specification, detailing all of the responsibilities involved, and briefly describing each phase of the training program. Many fringe benefits were also listed, enabling Employment Service interviewers to point out numerous advantages of a career in this type of work.

Aided by this helpful information, the local office was able to select and refer enough potentially qualified applicants to take care of all of the company's needs for management trainees. In addition, much to the satisfaction of the company manager, turnover was greatly reduced. Moreover, the company is now using the Employment Service exclusively for all of its personnel recruitment needs; and the manager has recommended to the company's home office in California that public employment offices should be used by every branch manager in each state where the company operates—a gratifying result for the Employment Service.

The experience of this consumer finance company illustrates the kind of service which can be supplied, upon request, to employers in the retail credit field by

local offices of the State Employment Services, affiliated with the United States Employment Service, Bureau of Employment Security, U. S. Department of Labor. About 1,800 such offices are now in operation in large and small cities and towns throughout the country. They provide specialized recruitment and placement service, as well as current labor market information, to employers and workers.

An employer who needs help in solving his manpower problems may go to the local public employment office serving his area. All Employment Service offices are listed in local telephone directories. If there is no local office in the community, the address of the nearest one can be determined by writing to the headquarters office of the State Employment Service, usually located in the state capital.

The State Employment Services recruit workers in all occupations—professional, managerial, technical, clerical, and sales, as well as skilled, semiskilled, and unskilled workers.

An employer usually needs a particular combination of skills, abilities, and experience to meet his requirements for workers. Employment Service local office staff are technically trained to screen applicants with qualifications to match such needs. For example, if a remittance clerk is required, with experience in keeping daily records of cash and check transactions, listing charges and checks or cash memoranda of individual customer transactions, totaling and figuring the difference between collection tickets, cash memoranda, and checks, and placing figures on form sheets, the employer would convey such requirements to the Employment Service interviewer who writes the "employer order." The local office would then make every effort to refer applicants with such qualifications and related experience. The employer makes the final selection, but through the assistance of the Employment Service, he can make his choice among workers who are particularly qualified to do the job.

If workers with the required skills are not available locally, they can be recruited through the nationwide clearance system of the United States Employment Service. The 1,800 local employment offices are more than

local labor exchanges serving employment needs of communities. They are links in a nationwide network. Through the process of a system of labor clearance between local employment offices, an employer with an opening for any particular type of worker and a qualified applicant in another city may be brought together.

The Employment Service in its clearance operations offers a variety of methods for referring the qualified worker, or a record of his qualifications, to the employer. When workers are to be recruited through the labor clearance system, the local employment office can advise as to the appropriate methods and areas of best recruiting potential, and can assist in arranging recruitment itineraries and advance publicity.

In some large metropolitan areas, where there is a great demand for professional, technical, and clerical workers, separate divisional facilities, or even special offices, have been established within a local State Employment Service office, to meet more effectively the needs of employers and applicants for service in those occupations. These offices and divisions are devoted exclusively to providing service to employers seeking professional, technical, or clerical workers, and to the registration, counseling, testing, referral and placement of job applicants in those occupational categories.

The Employment Service also has developed a professional and managerial clearance network in key cities. It provides nationwide service for employers seeking workers in professional and managerial occupations and for applicants in search of jobs in them. These offices serve as major recruitment points, so far as professional placement is concerned, for the 1,800 local employment offices. They receive from all states listings of professional and managerial job openings that cannot be filled locally. When qualified applicants are available, these offices can communicate directly with any of the other 1,800 local offices by telephone, telegraph, or air mail. This plan greatly facilitates the bringing together of employers' job openings and available applicants qualified to fill them.

#### Proficiency and Aptitude

The Employment Service refers only potentially qualified applicants for specific job openings. In determining qualifications for these referrals, it frequently uses proficiency and aptitude tests.

The United States Employment Service and the affiliated State Employment Service, in cooperation with industrial management and unions, have validated aptitude tests for more than 600 specific occupations. More than 1,350 local employment offices are equipped with testing facilities. The types of tests administered include trade tests to measure occupational skills already acquired and aptitude tests to measure potentiality for learning new occupational skills. In the first category, for example, a typing test might be administered to determine how many words per minute an applicant could type. Aptitude tests, on the other hand, are selection devices which are used to measure capacities to learn specific jobs. For example, the Employment Service has developed aptitude test batteries for the occupations, teller and bookkeeping machine operator.

While selection devices are already in use for a large variety of occupations, many jobs are not yet covered. Accordingly, if an employer requires tests for one of those occupations, the United States Employment Service—with the help of the appropriate State Employment Service and the cooperation of the employer—will, if feasible, develop tailor-made tests to meet his needs.

Many tools and methods for interviewing, selection, and referral of workers by local office personnel have

been developed by the United States Employment Service. Employers find these very useful in manpower planning and in solving a variety of employment-management problems. Local Employment Service offices can be of assistance to employers in using these tools to solve their own problems.

For example, the *Dictionary of Occupational Titles* identifies approximately 22,000 jobs and lists alphabetically approximately 40,000 different job titles. The *Dictionary* can provide assistance to employers in recruitment and placement; converting job titles to standard terminology; planning upgrading and transfer programs to show the degrees of relationship between various jobs; preparing staffing patterns; and in a variety of other ways.

The publication, *Suggestions for Control of Turnover and Absenteeism*, is a source of practical assistance which makes a valuable contribution toward the solution of problems in this area.

Labor market information is compiled by the Employment Service and is available upon request. It includes data on employment and unemployment trends, demand and supply of labor by occupations, labor market outlook, wages, labor turnover, and related factors. Such information, compiled on an area, industry, or occupational basis, is helpful to employers who are planning recruitment activities, expansion, training programs, or location of new establishments.

#### Services Provided

Publications such as the Bureau of Employment Security's *Labor Market and Employment Security*, *Area Labor Market Trends*, and a wide variety of state and area labor market releases contain much useful information.

Service provided by the State Employment Service in a southwestern state to a Credit Union League illustrates how the public employment service can help an organization to cope with its personnel problems. The League was contemplating necessary revisions in its personnel program and requested Employment Service assistance in making plans and accomplishing that purpose. An Employment Service technician, who reviewed the situation with league officials, pointed out that proposed objectives would probably involve changes in organizational structure, job duties, and wages. League executives concurred in all of these suggestions. The Employment Service offered assistance in the development of a staffing schedule to identify current organizational structure; the preparation of job specifications in order to describe current job duties as a basis for the reassignment of responsibilities; and compiling related wage data, which could be used by the league for revisions in the wage structure.

At the time of writing, these undertakings are under way; so the last chapter has yet to be written. However, it is clear that the league knew where to turn for assistance when the need arose, and that the Employment Service was ready to provide counsel and genuine effort in the endeavor to solve the Credit Union League's employment-management problems.

Mutually satisfactory working relationships can almost certainly be established between employers in the retail credit field and managers of local Employment Service offices, if management representatives will make an effort to become acquainted with the staff of the local offices in their respective communities. Employer representatives can then learn first-hand about the services which are available, and they, in turn, can acquaint local office staff with their manpower requirements. ★★★





**S**IXTY-TWO THOUSAND by '62 . . . as remote as it may seem, that goal could be reached easily if all of us rally our forces and give our full support to the campaign to "sell" the N.R.C.A. story to everyone in the consumer credit field.

Since the Boer War, the practice of lighting three cigarettes on one match has been viewed as an invitation to disaster. The reason for this superstition, more than likely, had something to do with the fact that the person holding the match usually gets his fingers burned before the third cigarette is lighted.

Not being a superstitious person, however, I'd like to reflect for a while on another and less odious threesome—the important persons involved in every credit transaction. These are the customer, or consumer . . . the credit granter . . . and the credit bureau. Each is dependent on the other.

Without the customer, there would be no need for the credit granter or the credit bureau. Without credit granting privileges, there would be fewer sales and people would be unable to obtain as many of "the good things of life" as they do. And without the credit bureau to supply the credit granter with that priceless ingredient—ledger pay habits—the low loss figures of credit accounts receivable would reach an unprecedented height.

This point, I believe, illustrates the importance of a close working relationship between members of the National Retail Credit Association and the Associated Credit Bureaus of America. ACBoFA members, therefore, are enthusiastic in joining forces with N.R.C.A. in its "PROJECT . . . PUSH!" to increase the membership to 62,000 by 1962.

Colonel Charles F. Sheldon, commander of the credit bureau and collection service managers, and Colonel Clarence E. Wolfinger, leader of the credit sales managers, have done an excellent job in mapping the strategy for the campaign to interest more people in the consumer credit field in becoming members of N.R.C.A.

## 62,000 by '62

In true military fashion, these commanders have seen the wisdom of delegating their authority to capable field officers. Each area and each state is being manned by a top-notch credit sales manager-credit bureau manager team ready to carry the word on N.R.C.A. membership into the field. From their observation posts, the commanders-in-chief—David K. Blair, President of N.R.C.A., and Donald H. Puffer, President of ACBoFA—have given the orders to advance the membership to 62,000 by '62.

But, as in any campaign, the success of the actual mission depends on the strength of the men and arms sent into battle. You, the present members of N.R.C.A., are equipped with an effective weapon that can win this campaign. That weapon is knowledge. As a member, you know what that membership has meant to you . . . of the pride, prestige and "know-how" you have gained through your affiliation.

Who then is better qualified to sell these values to others who are not presently enjoying the benefits of N.R.C.A. membership which could easily be theirs for the small annual dues?

A review of the purposes and objectives of the National will supply you with powerful ammunition to do a real selling job on fellow credit granters in your community. Additional support is provided by other N.R.C.A. members who know from experience of the value of this important affiliation.

Only good can come from this very worth-while project. The growth and development of N.R.C.A. as a local, regional and national association will benefit the consumer, the credit granter, the credit bureau and collection service . . . the important segments of consumer credit. These untold benefits will be most influential in promoting the intelligent use and extension of consumer credit and the building of a sound credit economy.

You are an important part of "PROJECT . . . PUSH" because you stand to benefit in the long run. *Why don't you start now doing your part to reach the goal of 62,000 by '62?*

*John L. Spafford*

Executive Vice President  
ASSOCIATED CREDIT BUREAUS OF AMERICA



# Southern Consumer Credit Clinic Well Attended

A TOTAL of 440 persons from throughout the Southeast attended the two sessions of Southern Consumer Credit Clinic held in Charlotte, North Carolina, September 15-16, 1959. Business sessions of the medical-hospital and commercial divisions were held from 9:00 a.m. until 4:30 p.m. on the opening day.

The medical-hospital division meeting at J. B. Ivey and Company's auditorium discussed proper bill collecting methods by physicians and hospitals. Two physicians and two hospital administrators spoke to the division stressing mutual understanding between the patient and the physician or hospital as the solution to credit matters. Dr. Charles L. Stuckey, of Charlotte, one of the panelists said: "I continue to treat him for two reasons. One is humanitarian and the other is practical. If I quit him, he may quit me." He said his usual method was to examine the patient, re-establish a doctor-patient relationship, then have a frank talk about his past bills. "It does help the patient to pay his bills if he understands your problem, so I often tell him that I am trying to support nine families—mine and those of people working for me. Then, too, I sometimes tell him what the electric bill runs for one month and that usually impresses him."

The major problem for both doctors and hospitals, the panelists said, concerns maternity cases. For Dr. J. D. Fraley, Caldwell Memorial Hospital, the time to solve most of these is in the admitting office, when the patient enters the hospital. "It is at this time that definite arrangements for payment should be made. It is one time when the patient is most understanding."



Above is a picture taken at a meeting of the 11th Annual Southern Consumer Clinic, held September 15-16, 1959, in Charlotte, North Carolina. Left to right are: William H. Blake, Executive Vice President, National Retail Credit Association; Paul M. Millians, Commercial Credit Corporation, Baltimore, Maryland; and Charles Dudley, Managing Director, Credit Bureau of Charlotte, Charlotte, North Carolina.

A. V. Patsch, business manager, Gaston Memorial Hospital, attacks his credit problems even earlier. "Certain pre-admission policies are absolutely necessary," he said, and outlined the pre-admittance procedure followed at Gaston. It involved knowing the patient's financial status, his credit record, any insurance involved, the urgency of his treatment and his expected date of admittance. With these details cleared up beforehand, the patient's entrance is easy and all parties know where they stand. He said, "These pre-admission procedures, we have found, not only save time, save money, but they also save face. They are good public relations practices." He was asked how the public should be informed of a hospital's credit policies. He answered: "We think the public informs itself. If you have a good credit policy or strict credit policy, the word will get around. You do not have to advertise." He added that his hospital has never turned down an emergency patient, but is continually trying to make sure hospital and patient understand each other about bills.

Moderator for the panel was Dr. David G. Welton who said the purpose of the clinic was to establish proper means for informing the public on credit procedures used by doctors and hospitals.

The commercial division heard speakers and panels urge better understanding of the role credit plays in the economy. Paul M. Millians, vice president, Commercial Credit Corporation, Baltimore, Maryland, said the United States is "credit-happy—but in a constructive way." He said competition and self-policing among credit personnel would rid the field of the few chiselers which give it a bad name. "It is simply not good business to grant credit to a bad risk—he gets hurt and will never come back to you again," the speaker said. He admitted that some desires were "inspired" by misleading advertising. But, he said, the majority of persons using credit do so within their ability to pay. "Only a few go beyond what prudence dictates."

Credit personnel attending the opening session were told the "low pressure truth" was the best method of advertising and credit needed a better selling job to wipe out lingering prejudice that regards all debts as bad.

During the afternoon meeting, William H. Blake, Executive Vice President of N.R.C.A., recommended a comprehensive education program to the public and credit personnel on the role credit plays. In his address, Mr. Blake called for extension of consumer credit education in schools and colleges, saying that it was as important to the student's economic life as driver training to his physical life.

Sponsors of the clinic include: Retail Credit Association, Credit Women's Breakfast Club, Medical Assistants Association, Charlotte Hospital Council, and Charlotte Merchants Association. T. A. Baugh, Jr., was General Chairman, assisted by C. W. York, President, Retail Credit Association, Evelyn Moore, President, Medical Assistants Association, Frances Brady, President, Credit Women's Breakfast Club, Edward R. Frye, President, Charlotte Hospital Council, and George D. Frizzell, President, Charlotte Merchants Association. The clinic was under the general supervision of Charles Dudley, Credit Bureau of Charlotte, Charlotte, North Carolina, who started these annual meetings in 1949.



## ☆ **Items of Interest** *From the* **NATION'S CAPITAL**

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

**Garnishment Mixup Leads to Libel Damages**—In a recent Municipal Court case in the District of Columbia, the "X" credit clothing company sought to garnishee the employer of its judgment debtor. It appeared that the garnishment proceeding was settled, but the clothing company nevertheless attached the bank account of the judgment debtor's employer (plaintiff), who then sued the clothing company on the ground that his reputation and credit were damaged when the clothing company attached his bank account while no judgment was outstanding against him. Jury awarded plaintiff \$5,145 damages. It appeared that the attachment resulted from a court clerical error. Case points to important rule of always checking facts before taking any action reflecting adversely on reputation or credit standing.

**Commercial Bank Credit—Small Business and Consumers**—Commercial bank credit available for small business may present a marked contrast to its availability to the consumer. Senate Select Committee on Small Business recently issued statement critical of commercial banks with respect to meeting the credit needs of small firms. It said that almost two-thirds of the 615 economists who completed the "Economic Policy Questionnaire" in recent national survey of economic opinion, "agreed that one important inadequacy of banking facilities is the tendency to hold riskless assets (Government and Government-guaranteed bonds and loans) rather than to function as enterprisers meeting local banking needs." If this tendency exists, it appears to have had no discernable effect in the broad area of consumer credit, where commercial banks have steadily increased their holdings of consumer instalment paper. The October report of the Federal Reserve Board on "Short and Intermediate-term Consumer Credit" shows commercial banks participation in instalment credit at an all-time high of \$14,388 billion, broken down into the following major categories: Automobile paper, \$7,079; other consumer goods paper \$2,513; repair and modernization loans \$1,741; and personal loans \$3,055.

**Twenty Five Years of Security Investments Regulation**—On October 8, 1959, the Securities and Exchange Commission celebrated its 25th anniversary, and the Attorney General of the United States, William P. Rogers, delivered an address on the occasion. He pointed out that in 1933 new issues of corporate stock amounted to only about 400 million dollars annually, and that the value of all stock listed on the exchanges was only about 34 billion. In 1958, twenty five years later, 10 billion dollars of new stock was registered with the Commission, and 350 billion dollars worth was listed on the exchanges. Even more significant, 12.5 million individuals now own a stock interest in America's future, and "these are not marginal or hedged accounts," the Attorney General noted.

In paying tribute to the Commission, Attorney General Rogers said:

"In this phenomenal growth, SEC has played an important role. As rulemaker, policeman and court on the financial 'beat,' it has provided investor confidence in the integrity and honesty of our capital markets. Without such confidence our nation could not have prospered and grown. The financing of industry, the underwriting of pension plans, the security of insurance policies, and the endowment of universities—all of these and much more depend in the last analysis upon public confidence and participation in stock ownership. In building and maintaining this confidence so vital to the health of a free economy you can be justly proud of the part you have played."

In closing the Attorney General found it expedient to warn that "I have been concerned, as you have, about the recent upsurge of frauds on the consumer and investor public. The activities of these 'white collar bandits,' hiding behind a cloak of respectability, are no less a menace to the welfare of our country than the bank robber who plys his illicit trade with gun in hand."

**One Barometer of Monetary and Credit Policy**—The Securities and Exchange Commission and the Federal Trade Commission, jointly, publish the authoritative "Quarterly Financial Report of Manufacturing Corporations," which is one of the principal barometers of trends in business, financial, and fiscal matters that is available to government officials and private industry. As stated in the preface of the report itself: "The purpose of this sample survey is to produce, each calendar quarter, an income statement and balance sheet for all manufacturing corporations, classified by both industry and asset size. . . . The quarterly summaries are used by various agencies in the executive and legislative branches of the Federal government to analyze current business conditions, evaluate the current financial position of small business, estimate net income in national income statistics, estimate current tax liability and future tax receipts, and determine current monetary and credit policy" (emphasis added). This publication is available at a cost of \$1.00 a year by writing the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

**Needs, Spending of Aged Consumers**—A brand-new subcommittee of the Senate Labor and Welfare Committee, the "Subcommittee on Problems of the Aged and Aging," is now conducting a research study of the needs and resources of "The Aged and Aging in the United States." In 1900 only 3 million Americans, or 4 per cent of the population, were over 65, as contrasted with nearly 16 million, or 9 per cent today. It is estimated that by 1970 the number over 65 will be 20 million or more. Inadequate income, and hence inability to purchase normal needs is the principal problem involved according to testimony received in Boston on October 13 and 14. Harvard economist Seymour Harris stated that with gross national product likely to rise by about \$200 billion in 10 years, the country can afford to substantially increase the income of the old. ★★★



Sterling S. Speake

## Sterling S. Speake

### Credit Schools

**T**HE NATIONAL Retail Credit Association proudly offers a professional and streamlined retail credit educational course, which has been highly successful in hundreds of communities throughout the United States and Canada.

Sterling S. Speake, Retail Credit Specialist, who conducts the course, brings to the community the benefit of his long teaching experience and complete knowledge of modern retail credit and collection procedures. He is an inspiring and enthusiastic lecturer.

Here are a few of the many comments received at the National Office about the Speake schools:

**Sioux City, Iowa.** "I would like to take this opportunity to inform the National Association that we were extremely well pleased with Mr. Speake's school. Never have we sponsored anything that was so well received and so highly praised. The people are still talking about the course."—Lawrence Slotsky, *Secretary*, Sioux City Retail Credit Association.

**Memphis, Tennessee.** "We had Sterling S. Speake stage his credit course in Memphis and it really went over big. We had a large attendance despite a large number of stores being open nights. The reaction was so favorable that I recommend the course without holding back anything."—A. B. Buckeridge, *Manager*, Memphis Consumer Credit Association.

**Miami, Florida.** "At least 125 Miami people now know about Sterling S. Speake and his wonderful Credit School. The undertaking was the most rewarding thing we have done in credit education. Mr. Speake handled the entire affair with methods and materials that were professional, non-boring, stimulating and everyone had high praise for the fine school he conducted in Miami."—J. C. Herren, *Manager*, Credit Bureau of Greater Miami.

**Harrisburg, Pennsylvania.** "The Retail Credit School conducted in Harrisburg by Mr. Speake was a great success and the 139 people that attended expressed complete satisfaction with the benefits received. The school was sure enlightening and educational."—James D. Hays, *Manager*, Credit Bureau of Greater Harrisburg.

**Lincoln, Nebraska.** "Mr. Speake's school in Lincoln was really successful. He has a way of imparting information which makes it interesting and the attendance was almost 100 per cent. The school not only provides credit information to credit granters and their helpers,

but also directly or indirectly boosts the local credit association and credit bureau. I am sure that he boosted credit conditions in Lincoln by a considerable percentage and we in Lincoln are most appreciative of his efforts."

—Max Meyer, *General Manager*, Credit Bureau of Lincoln.

**Port Arthur, Texas.** "The credit school conducted by Sterling S. Speake was well attended with 107 enrolled. The interest and attention was high throughout the entire course. Sterling is well qualified as an instructor and did a grand job for us."—J. Roy Faulkner, *Manager*, Credit Bureau of Port Arthur.

**Length of Course:** Two nights (10 minute intermission each night).

**Length of Sessions:** Three hours—7:00 to 10:00 p.m.

**Course Content:** A streamlined study of retail credit conditions; securing credit information; investigating; evaluating; interviewing; credit sales promotion; collecting the account; and others.

**Textbook:** Each student will receive a copy of the text and reference book, *Retail Credit Fundamentals*, by Dr. Clyde Wm. Phelps published by the National Retail Credit Association.

**Examination:** Optional.

**Certificates:** Awarded by the National Retail Credit Association to those passing the examination.

**Fee:** \$10.00 per person which includes the textbook.

#### About the Instructor

Sterling S. Speake received the degree of Bachelor of Business Administration from the University of Texas, School of Business Administration in 1937. From 1937 to 1942 he was associated with the Retail Merchants Association, Austin, Texas. For five years during World War II he was Air Force Administrative Officer. From 1947 to 1953 he was on the staff of the University of Texas, Division of Extension, as a Retail Credit specialist. Since February 1953, he has conducted several hundreds schools for the National Retail Credit Association throughout the United States and Canada with an enrollment of over 20,000.

**Why not make arrangements to have a credit school in your city?** For full details and open dates write to the National Retail Credit Association, 375 Jackson Avenue, St. Louis 30, Missouri.



# CREDIT DEPARTMENT

## Letters

LEONARD BERRY

IT HAS BEEN some time since we discussed the *mechanics* of the business letter. It is well to review occasionally some of the mechanical details which help considerably in obtaining *reader acceptance*.

Each business letter is an investment. The total cost of the average dictated business letter is variously estimated to be anything from seventy-five cents to two dollars, depending on the salaries of the dictator and transcriber. Take the lowest figure, seventy-five cents, and multiply by the number of letters sent out daily, and the size of the investment becomes quickly apparent.

Every business letter is a personal representative of the firm. It is important that it present a good appearance. This does not mean to say that appearance is everything. Of course not. The wording of the message is vitally important and the general tone of the letter will have much to do with its acceptance. However, appearances *do* count, especially in those first critical few seconds when the letter is being "looked over."

Paper and envelope should be of excellent quality. Even the very best will not cost more than a few cents. This is small when compared with the other costs of producing a business letter. It is foolish to make small economies on paper and envelope. Just as stores and firms expect their salespeople and representatives to be well groomed and present a pleasing appearance, so should the sales letter be "easy on the eye." In this matter we could profit by remembering the slogan of the famous greeting card manufacturer—"When you care enough to send the very best."

The letterhead is a silent but influential salesman. It must both *tell* and *sell*. The letterhead should tell *who*, *what*, and *where* you are. There are exceptions to this rule. A few widely known firms perhaps can get by with only the firm name on the letterhead, but in general, and for most firms, there are four essential points of the effective letterhead. These are: 1. The name of the company. 2. Street address, postal zone number, city and state. 3. The firm's telephone number. 4. Something to indicate the nature of the business.

The letterhead should be carefully and expertly designed to reflect the unique personality of the firm. If the firm has a characteristic color scheme, this should be incorporated in the letterhead.

Here is a quick check list for your letterhead:

1. Is the firm name the most prominent item?
2. Does the address include postal zone number and state?
3. Is the telephone number included?
4. Is the type of business clearly indicated?
5. Are ink colors legible by both artificial and daylight?
6. Is the information arranged logically and attractively?
7. Is ample space allowed for a lengthy letter?
8. Does the letter look as pleasing when filled with type as before?

9. Is the letterhead as well-designed as those of your competitors?

Interesting studies have been made as to letter *readability*. Long, involved letters usually receive scant attention beyond the first cursory glance unless the subject matter is intensely fascinating. Short, but certainly not rude or abrupt, letters generally get close attention. According to one authoritative study, letters of up to 150 words obtain maximum reader interest. When they go much over 200 words, reader interest drops below 25 per cent. Few credit department situations require long letters. Collection letters particularly should be short. Credit sales promotion letters, because they have a big job of selling to do, may be longer. The reader is obviously much more interested in a letter telling her how wonderful she is and how much the store wants her for a customer than in a letter reminding her of an unfulfilled obligation.

Of course, it goes without saying that the letter should be free from errors and unmarred by erasures and strikeouts. The general appearance of the letter is improved by omitting unnecessary "reference initials" and also the firm's name in the complimentary close.

Yes, the *mechanics* will have much to do with the success of the letter. It *pays to take care* with the small points as well as with the major ones.

### This Month's Illustrations



All our illustrations this month are *Christmas Greetings* letters. We thought you would find these to be interesting and timely, especially if you are now thinking about your own *Christmas Greetings* letter.

This is just a small selection of the many such letters we receive each year at the National Office. We enjoy them—they are usually colorful and exciting and carry messages of goodwill from friends far and near.

And, that's just the point about these good will-building letters. They are letters that do *not have* to be written—hence, they are unexpected and warmly appreciated.

Of course, time and effort and thought should be spent on the preparation. If processed, and most of them must be, the design and workmanship must be nothing short of excellent. Some authorities say that in the case of the good will letter the envelope should be hand-addressed and hand-stamped. They point to the fact brought out by research that hand-written envelopes are *opened first* seven times out of ten. Also, that personal touch so desirable, is given by an *unbusinesslike* envelope.

The good will letter should be sincere, brief and, above all, free from overt business references. The essential qualities of this particular letter are its warm, sincere humanity and its outgoing unselfishness. Business is suspended!



Christmas  
1958

①

To Our Friends:

The very finest thing about Christmas is the opportunity it gives us to wish you . . . whose friendship we sincerely cherish . . . a very Merry Christmas.

Each year the warmth of our feeling toward you grows deeper. It's wonderful to have a successful business; it's fine to add many new customers each year. But deep in our hearts old friends like you have a very special place, and to serve you is a privilege.

And we hope from the bottom of our heart that Christmas brings you bountiful happiness -- and that 1959 will see all your dreams come true.

Sincerely,

CREDIT BUREAU OF IMPERIAL COUNTY

*El Centro Calif*



③

Christmas, 1958

As 1958 comes to a close, we send this word of thanks to you whose friendship and cooperation means so much to us.

Your splendid spirit of helpfulness has made it possible for this bureau, a community enterprise, to render the kind of service that is expected of it.

It's friends like you that makes working in this business a real pleasure, and we shall strive in 1959 to merit your continued friendship and help.

We wish for you, happy holidays and the fullest measure of health, happiness and prosperity in 1959.

Very sincerely,  
*[Signature]*  
H. H. Biermann, Manager  
Credit Bureau of Des Moines



②

Christmas 1958

Mr. Lennard Berry  
Retail Credit Association  
375 Jackson  
Clayton 5, Missouri

Dear Mr. Berry:

The Christmas Season has, and always will be, a time when men individually can express their own feelings of goodwill and exchange friendly greetings.

As this season approaches, Mr. Berry, we take this opportunity to send our heartiest season's greetings and to express our appreciation for your past business.

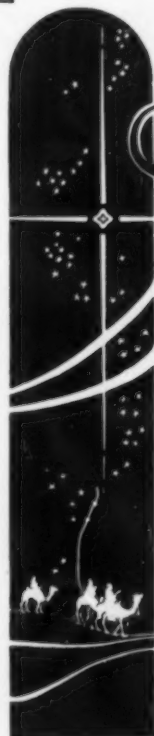
We earnestly wish you and yours the best of success and personal happiness throughout 1959.

Cordially yours,

L. A. MARLER COMPANY  
Auto-typist Sales and Service

*Larry Marler*  
L. A. Marler Jr.,

*Tom J. Marler*  
Tom J. Marler



④

# Christmas Greetings

CHRISTMAS IS HERE AGAIN, awakening in us the same thrills and joys that always come when we celebrate the birthday of the Prince of Peace. It is a time and season that brings out the best in mankind. The handshake is firmer, the smile brighter, the Merry Christmas more sincere because each feels within his heart the warmth and good will that is the true spirit of Christmas. May each of us strive to capture this spirit and carry it with us through the year. May all of our prayers be that peace and good will may spread to all the nations of the world, that all men will heed the Angels' song of Glory to God in the Highest, and on earth, peace, and goodwill toward men.

WHEN WE are guided by the high aims and purposes of our organization, we exemplify the true spirit of Christmas by conscientious service and benefit to our neighbors, and fulfill the Golden Rule.

May your Christmas be joyous, and may the New Year bring you every happiness, satisfaction, and peace.

CREDIT BUREAU OF KNOXVILLE

# CREDIT FLASHES

## Positions Wanted

**ASSISTANT CREDIT MANAGER**, married, age 35, with 15 years' office experience including 10 years in the petroleum credit field. Presently responsible to credit manager for direct supervision of credit and collection personnel handling 40,000 accounts; wholesale receivables, credit cards, dealer loans and merchandise accounts, heating equipment instalment sales and furnace oil receivables on budget and 30-day terms. Will relocate, preferably West or Southwest. Complete résumé on request. Box 11591, *The CREDIT WORLD*, 375 Jackson Avenue, St. Louis 30, Missouri.

**WOMAN CREDIT AND COLLECTION MANAGER**. Experienced in all phases of retail credit and collections. Wish to relocate, preferably in East or Southeast. Résumé on request. Box 11592, *The CREDIT WORLD*, 375 Jackson Avenue, St. Louis 30, Missouri.

**CREDIT SALES MANAGER**. Age 29, married, B.B.A. degree, nine years' experience in retail, mail order and direct sales fields. Familiar with all phases of consumer credit extension. Have directed credit and collection departments of up to 27 people. Complete résumé on request. Box 11594, *The CREDIT WORLD*, 375 Jackson Avenue, St. Louis 30, Missouri.

**CREDIT AND OFFICE MANAGER** desires change. Over 20 years' experience in all phases of credits, collections, sales and general management of large midwestern lumber and building materials yard. Prefer West but will relocate anywhere. Résumé and references gladly furnished. Box 11595, *The CREDIT WORLD*, 375 Jackson Avenue, St. Louis 30, Missouri.

### H. Lee Muse

H. Lee Muse, retired credit supervisor of the Baltimore Gas and Electric Company, Baltimore, Maryland, died July 6, 1959. He was a former director of the Retail Credit Association and retired in February 1954 after 48 years of service.

## Consumer Finance Training Supervisor Or Manager

We are looking for a "top grade" training Supervisor or Manager to handle Company Employee Training Program which requires considerable traveling. If you are thoroughly versed in the small loan and consumer finance business, this is a marvelous opportunity to develop yourself with one of America's finest loan operations. Opening available in the middle west and western states. Premium salary for the right men. Write for personal interview. Box 11593, *The CREDIT WORLD*, 375 Jackson Avenue, St. Louis 30, Missouri.

## Coming District Meetings

**District One** (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Provinces of Quebec, New Brunswick, Nova Scotia, and Prince Edward Island, Canada) will hold its annual meeting at the New Ocean House, Swampscott, Massachusetts, May 15, 16, and 17, 1960.

**District Two** (New Jersey and New York) will hold its annual meeting at the Hotel Syracuse, Syracuse, New York, April 23, 24, and 25, 1960.

**District Three** (Cuba, Florida, Georgia, North Carolina, and South Carolina) and **District Four** (Alabama, Louisiana, Mississippi, Tennessee, and Bristol, Virginia) will hold a joint annual meeting at the Sheraton-Charles Hotel, New Orleans, Louisiana, April 24, 25, 26, and 27, 1960.

**District Five** (Illinois, Indiana, Kentucky, Michigan, Ohio, Ontario, Canada, and Wisconsin, except Superior) will hold its annual meeting in conjunction with the 46th Annual International Consumer Credit Conference at the Palmer House, Chicago, Illinois, June 5, 6, 7, 8, and 9, 1960.

**District Six** (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, Fort William, Ontario, and Manitoba, Canada) will hold its annual meeting at the Blackhawk Hotel, Davenport, Iowa, March 27, 28, and 29, 1960.

**District Seven** (Arkansas, Kansas, Missouri, and Oklahoma) will hold its annual meeting at the Hotel Jayhawk, Topeka, Kansas, March 10, 11, 12, and 13, 1960.

**District Eight** (Texas) will hold its annual meeting at the Robert Driscoll Hotel, Corpus Christi, Texas, May 22, 23, and 24, 1960.

**District Nine** (Colorado, New Mexico, Utah, and Wyoming) will hold its annual meeting at the Hotel Continental, Pueblo, Colorado, May 15, 16, and 17, 1960.

**District Ten** (Alaska, Idaho, Montana, Oregon, Washington, Provinces of Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting at the Banff Springs Hotel, Banff, Alberta, Canada, May 20, 21, 22, 23, and 24, 1960.

**District Eleven** (Arizona, California, Hawaii, and Nevada) will hold its annual meeting at the Hotel St. Clair, San Jose, California, February 21, 22, and 23, 1960.

**District Twelve** (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia) will hold its annual meeting at the Hotel Sheraton, Philadelphia, Pennsylvania, February 14, 15, and 16, 1960.

STATEMENT REQUIRED BY THE ACT OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, AND JULY 2, 1946 (Title 39, United States Code, Section 233) SHOWING THE OWNERSHIP, MANAGEMENT, AND CIRCULATION OF THE CREDIT WORLD, published monthly at Fulton, Missouri, for October, 1959.

1. The names and addresses of the publisher, editor, managing editor, and business manager are:  
Publisher, National Retail Credit Association... St. Louis, Missouri  
Editor, Arthur H. Hert... St. Louis, Missouri  
Managing Editor, William H. Blake... St. Louis, Missouri  
Business Manager, Gertrude O'Connell... St. Louis, Missouri  
2. The owner is: National Retail Credit Association, 375 Jackson Avenue, St. Louis 30, Missouri.  
3. The known bondholders, mortgagees, and other security holders owning or holding one per cent or more of total amount of bonds, mortgages, or other securities are: None.

ARTHUR H. HERT, Editor  
Sworn to and subscribed before me this 23rd day of September, 1959.  
Mary E. Riordan  
(My commission expires May 18, 1961.)



## Credit Women's Breakfast Clubs Of North America

At the annual business meeting of the Credit Women's Breakfast Clubs of North America, held at the Statler-Hilton Hotel, Dallas, Texas, June 21, 1959, the following officers and directors were elected: President, Mrs. Helen S. Spendlove, Merrill Lynch, Pierce, Fenner and Smith, Salt Lake City, Utah; First Vice President and Extension Chairman, Mrs. Inez McGaughy, Pickett's Chattanooga, Tennessee; Second Vice President and Education Chairman, Mrs. Martha Bean Gleason, The Credit Bureau, Washington, D. C.; Third Vice President and Membership Chairman, Helen B. Sawyers, Credit Bureau of Snohomish County, Everett, Washington; Secretary, Mrs. Dorothe M. Bolte, Lyons Brothers Lumber and Fuel Company, Joliet, Illinois; Treasurer, Mrs. Wanda M. Brown, The First National Bank of Mason City, Mason City, Iowa; and Executive Manager, Geneva F. McQuatters, 1863 Railway Exchange Building, St. Louis, Missouri. Committee Chairmen: Nominating, Mrs. Mary S. Morgan, Clark Optometrists, Houston, Texas; Budget, Mrs. Darleen Crocker, Loring, Short & Harmon, Portland, Maine; Bylaws, Rita F. Barnes, W. McPhillips, Ltd., London, Ontario, Canada; Advisory, Eleanor Wilson, Anderson Furniture Company, Duluth, Minnesota; Future Advantages, Mrs. Willamae Jackson, Credit Bureau of Greater Little Rock, Little Rock, Arkansas; Historian, Lorene Shaw, Nemo Foundations, Toronto, Ontario, Canada; and Bulletin, Frances Carlstrom, Arlington Trust Company, Lawrence, Massachusetts.

District Presidents include: 1. Mrs. Bertha L. Bryant, Credit Bureau of Greater Portland, Portland, Maine; 2. Mrs. Georgia W. Marvin, John G. Myers Company, Albany, New York; 3. and 4. Mrs. Doris Parker, Sears, Roebuck & Company, Waycross, Georgia; 5. Mary F. Davidson, Canadian Bank of Commerce, Toronto, Ontario, Canada; 6. Mrs. Lena Dahl, Credit Bureau of Fremont, Fremont, Nebraska; 7. Mrs. Patricia Finch, 109 E. Frank Phillips Boulevard, Bartlesville, Oklahoma; 8. Grace E. Rigamonti, Stockbauer & Zeplin, Victoria, Texas; 9. Mrs. Jean H. Benedict, Credit Bureau of Greater Denver, Denver, Colorado; 10. Muriel Jones, O.K. Rubber Welders, Portland, Oregon; 11. Ruth M. Morman, Arizona Equipment Sales, Phoenix, Arizona; 12. Mrs. Doris LeVan, United Materials Company, Allentown, Pennsylvania; and 13. Dorothy E. Etsler, American Security Company, Marion, Indiana.

### New Appointment for F. D. Lauran

Frank D. Lauran has been appointed manager of credit and collections, Hospital Service Association of Western Pennsylvania, Pittsburgh, Pennsylvania. In his new position Mr. Laurant will be responsible for all phases of credit extension and collection management with special responsibility in connection with Blue Cross and Blue Shield Insurance. Until recently Mr. Laurant was credit manager, Citizens General Hospital, New Kensington, Pennsylvania. He has had a long and brilliant credit career in retailing as well as in the medical field. Mr. Laurant has appeared on many credit educational programs and is well known throughout the country.

### S. H. Womack Schools

The following cities have been scheduled for S. H. Womack's course "Customer Relations" (The Human Relations Approach to Public Relations):

Edmonton, Alberta, Canada  
Lethbridge, Alberta, Canada  
Calgary, Alberta, Canada  
Medicine Hat, Alberta, Canada  
Winnipeg, Manitoba, Canada  
Vancouver, Washington  
Portland, Oregon

Spokane, Washington  
Great Falls, Montana  
Butte, Montana  
Pueblo, Colorado  
Wellington, Kansas  
Cheyenne, Wyoming  
Joliet, Illinois

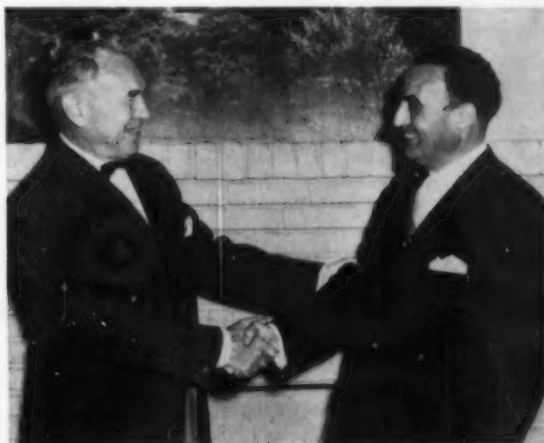
There are still several openings in the fall schedule. If your city is interested in having Mr. Womack conduct a Customer Relations school for you, please write the National Office for details and open dates.

### W. H. Blake Visits Catawba College

It was like "old home week" on the Catawba College campus recently when William H. Blake, Executive Vice President, N.R.C.A., returned for a brief visit. Dean Blake, as he is affectionately remembered on the campus, was Dean of Men during the hectic days following World War II. He was recalled to active duty with the Navy during the Korean War and, upon his return to civilian life, joined the National Consumer Finance Association, Washington, D. C.

Despite the turbulence caused by the sudden influx of veterans following World War II, Dean Blake earned the love and respect of all students while maintaining strict discipline at all times. Known for his sense of fairness, justice and high moral standards, Dean Blake established policies which enabled Catawba to avoid student-community problems of law and order common during those days.

Affiliated with the United Church of Christ, Catawba College, located at Salisbury, North Carolina, is a 108-year-old liberal arts institution. The small college of less than 800 students has gained wide fame for the quality of students it graduates, while maintaining reasonable tuition costs. The college has earned national recognition for several outstanding departments, including pre-med, physics, biology, chemistry, business, accounting and drama.



Catawba College President, A. R. Keppel, left, welcomes William H. Blake, Executive Vice President, National Retail Credit Association, back to the Salisbury, North Carolina, campus. Mr. Blake was Dean of Men at Catawba 1947-1951.



## Building Materials

### QUESTION

**"Does mailing a copy of all invoices attached to the month-end statement facilitate collection and eliminate claims?"**

### ANSWERS

**D. A. Corskie, Credit Manager, Exchange Lumber & Manufacturing Company, Spokane, Washington:** A year ago we established a branch operation in another city. As a by-product of a new (to us) bookkeeping system, we developed an extra copy of our invoice and proceeded to send it to each customer with his statement at month-end. Reaction of our customers was varied. Those who normally kept their affairs in good order found no advantage to the system, and in effect, told us to "save our postage." Customers inclined to carelessness in their affairs liked the system and we found that it helped them to keep their account current. The postage angle is one we have given some attention. Our statements are mailed as first-class matter and adding thirty to sixty 8½" x 11" sales slips meant a real mailing cost. Since our statements are made on an adding machine, using a form little wider than adding machine tape, we have had our "extra" invoice copy perforated on the right and designed to show all pertinent invoice information. Cost of this mailing is reasonable. This system might tend to lessen unjust claims, with which we have never been bothered to any extent. It helps a careless or slow account to keep current and, I believe, makes a slow customer somewhat easier to talk to. It is no cure-all for accounts-receivable problems and will never replace, in my opinion, consistent follow-up and the education of customers.

**O. L. Dawson, Credit Manager, Weakley-Watson, Brownwood, Texas:** Among countless other problems a businessman must cope with these days is that of maintaining accurate and as simple as possible records of his credit customers' purchases and payments. There are many and varied methods of keeping these records. I have observed in both large and small stores some of these methods, and they are not all practical. In our business we use an itemized statement and ledger sheet and do not attach copies of the invoices to the month-end statements. Customers' purchases are posted each day to the accounts on our National Bookkeeping Machine. This machine has a typewriter keyboard and the posting operator itemizes customers' purchases on statements with carbon copies on the ledger sheets. Original invoices are kept in bundles by days and are filed that way until the end of the month when all of the original invoices for that month are filed in a transfer file with month and year indicated for possible reference, which is seldom needed. On the last day of each month our posting operator pulls the statements from the ledger

trays, folds them and inserts them in stamped window envelopes. These are sealed and put into the mail. This operation is fast and requires a small amount of time. Our statements are in the mail and delivered on the first of the month, which we think is most important. We have found that this itemized statement for our business is the most satisfactory. Our customers like it; we like it. It is simple and enables the credit manager to review an account from its beginning which facilitates collections and forestalls possible disputes about accounts. When considering our method where invoice copies do not have to be held to be matched and attached to the statements for mailing at the end of the month, where ledger sheets are used on both sides and properly filed alphabetically for reference with a complete and itemized record of the customer purchases—we feel that the usefulness is much greater and the cost less than attaching invoice copies to statements which are not itemized. It is true that posting time is less in day-to-day posting where an itemized statement is not used, but we think this is more than offset by the time it takes at the end of the month to match up and attach invoice copies to statements when time is so much more valuable. In fact we are able to get all our statements in the mail and in our customers' hands on the first day of the month. Because of the success of our method of itemizing our customers' charge purchase on statements and ledger sheets and because of the excellent results in collection of these accounts, I do not think mailing copies of invoices attached to the month-end statement is necessary.

**L. M. Linxwiler, Credit Manager, The O'Malley Lumber Company, Phoenix, Arizona:** We find that mailing all invoices with the monthly statement materially reduces the number of calls, or complaints-questions, we get in the first few days after the statements go out. When the customer gets his statement with the invoices stapled thereto, he can readily see what he bought and can conveniently analyze the statement at once. What is even more important to the credit department, the customer can check out his statement and pay his account readily by the tenth of the month. He thereby is able to pay within our terms, assuming, of course, that he then has the money available. We definitely feel that it is of considerable value to us to attach invoices to each monthly statement. Only in the case of very large accounts and of government agencies do we mail out the invoices during the month. Some of these agencies and larger accounts prefer to pay by invoice, often ahead of time.

**Jack MacDonald, Credit Manager, Valley Lumber Yards Limited, New Westminster, B. C., Canada:** Since commencing this procedure about 18 months ago, we have had satisfactory results. It has eliminated many claims and numerous requests for copies of invoices

after customers receive our statements. The mailing of a month-end statement with invoices attached gives the customer a complete written record of the account with his signature acknowledgement. This eliminates personal visits, correspondence and telephone calls which are time consuming and expensive. It definitely speeds up the collection of money and very important, too, results in much better customer relations. Except for certain commercial accounts who may require additional invoice copies and prompt mailing, all customer invoices, credit notes and payment receipts are accumulated alphabetically in a special file and then attached to the statements for mailing at a set time of the month.

**Archie C. Norton, Credit Manager, Lyon Lumber Company, Decatur, Illinois:** A customer must have proof of the figures which appear on his statement, and the easiest time to submit that proof is at the end of the month in which the charge was made. We file the invoices daily as the charge is posted, and place them in an invoice drawer. The drawer is emptied each month. By this method claims are held to a minimum. Copies of past due invoices are often attached to statements for proof also, which eliminates questions and facilitates collection.

## Department, Apparel and Shoe Stores

### QUESTION

*"Do any of the department stores have any proof that preliminary collection reminders enclosed with monthly statements are just as effective, as if mailed separately?"*

### ANSWERS

**Henry C. Alexander, Belk Brothers Company, Charlotte, North Carolina:** Proof of the effectiveness of any single phase of a collection procedure is, in our opinion, a practical impossibility. Certainly with the limited experience we have had with this method would not permit us to even guess. Since mailing of this type dun is left to billing, filing or mail clerks it usually means a dun to every account past due for a given number of days without an analysis of the account by a trained collector. For that reason we feel that the possible ill will created exceeds the saving of preliminary rather than separate mailing. Certainly the monthly mailing of a statement is in itself an effective collection medium. We feel that any other effort should be handled as a separate mailing.

**H. M. Belknap, General Credit Manager, Carlisle-Allen Company, Ashtabula, Ohio:** Although this has been our practice for a number of years I have not kept any actual record or made a survey to determine the results. But I am inclined to think from the results of our collection ratio that they are just as effective. If the statements are loaded with stuffers the notices might land in the waste basket along with the stuffers. And of course with the increase in postage there is a savings when included with statement.

**Robert L. Bruchey, General Credit Manager, The Hecht Company, Baltimore, Maryland:** Results over the past ten years indicate to our store that the enclosures with the statements are effective. Not only are

the results as good but we do save the additional postage which would be necessary for a separate mailer.

**Howard A. Clarke, Credit Sales Manager, Gimbels, Pittsburgh, Pennsylvania:** I have not seen any proof that preliminary collection reminders enclosed with monthly statements help collection percentages. My experience when these are enclosed by unit operators or billers is that they do more harm than good, since this is a purely automatic procedure without any selectivity whatever and too many times these inserts are sent to the wrong people.

**Mrs. Darleen E. Crocker, Loring, Short and Harmon, Portland, Maine:** I do not have any proof that preliminary collection reminders enclosed with monthly statements are just as effective as if mailed separately, for I do not mail them separate. Preliminary collection reminders, or in my case "stickers" are always attached to the monthly statement as it is mailed. Very good percentage comes in from this method, and seldom have any objection, or bad customer relations. Anything after the preliminary sticker, is sent separate from the statement, and is in the form of a letter, personally typed, even though the wording is the same to cover many accounts.

**E. L. Goodman, Manager Credit Sales, Burger-Phillips, Birmingham, Alabama:** We do not enclose any preliminary collection reminders with monthly statements. We did use rubber stamp and stickers some years ago. We have no statistics to prove that preliminary collection reminders with monthly statements are just as effective, as if mailed separately. We use Curtis 1000 collection envelopes for our preliminary collection reminders. These notices are effective, but cannot compare the results because we do not have figures on the previous methods used.

**Owen M. Jones, Manager of Credit Sales, Washer Bros., Fort Worth, Texas:** No, we have no proof that preliminary collection reminders enclosed with monthly statements are just as effective, as if mailed separately. Have been using this method of preliminary collection on our revolving accounts for more than three years, and are maintaining a very satisfactory collection percentage. It has supplied our needs, saved time and expense in mailing separate statements.

**H. M. Martin, Credit Sales Manager, The Addis Company, Syracuse, New York:** I cannot give you a direct answer to this question because we have never done it. It would seem to me, however, that although there is additional postage involved, a statement should be a statement and nothing more, and a collection notice, whether it be a card form or letter, should be a separate contact. I have always stayed away from stickers on statements, etc., because in the specialty store line we do have to be a little bit different and approach our customers in a different manner than the department store, furniture store, etc. To sum it all up, I am not in accord with combining statement with collection letter or notice.

**W. E. Ryan, Credit Sales Manager, Broadway Department Stores, Los Angeles, California:** We do not have proof as to relative effectiveness of this procedure. Of course postage is saved and the extra work of processing the dun is also saved if the dun accompanies the statement. We use inserts in our organization.



# LOCAL ASSOCIATION *Activities*



## Medicine Hat, Alberta, Canada

At the recent annual meeting of the Medicine Hat Retail Credit Granters Association, the election of officers resulted in the following for 1959-60: President, R. H. Robinson, British Canadian Trust Company; First Vice President, Doug Smith, Beny Motors, Ltd.; Second Vice President, Muriel Ronnes, Joys's Styles, Ltd.; Secretary, Leonard McGee, Credit Bureau of Medicine Hat; and Treasurer, Sam Melnyk, Toronto-Dominion Bank. Directors: Marie Oliphant, Darling Dress Shop; Irene Bull, Art Bull, Ltd.; W. A. Milroy, J. J. Moore & Son, Ltd.; Sam Stone, Stone Furs; Louie Lesk, Lesk Men's Wear; J. Ed Morrison, Beneficial Finance Company of Canada; Vaughan Hullock, Traders Finance Corp., Ltd.; Glen Chapman, The T. Eaton Co. Canada, Ltd.; Roy Garroway, Simpsons-Sears, Ltd.; Abe Nobleman, Lady Fair, Ltd.; Cliff Adam, C. E. Adams Jeweller; and William Husband, Park Garage, Ltd.

## Tampa, Florida

The Credit Managers of Tampa, Florida has elected as its new officers: President, Charles W. White, Jr., Pioneer Finance Company; Vice President, Ken Sumner, The Tribune Company; Secretary, Marian A. Boss, Credit Bureau of Greater Tampa; and Treasurer, Harry J. Rose, Airdome Tire & Motor Company. Directors: Edith Bauman, Pioneer Tire Company; Oscar Bonis, Jr., Broadway National Bank of Tampa; Kenneth R. Bumgardner, Mutual Finance Company; Madge C. Gill, Tampa Radio Sales; Anthony L. Kovach, Local Finance Company; W. E. Sparrow, Sparrow Lumber; L. Earl Wilkes, Lerner Shops; and M. W. Collins, Confidential Loan & Mortgage Company.

## Minneapolis, Minnesota

At the annual meeting of the Retail Credit Association of Minneapolis, Minneapolis, Minnesota, the following officers and directors were elected: President, R. W. Cutler, Schmidt Music Company; Vice President, J. O. Wiberg, Eklund Clothing Company; and Secretary-Treasurer, C. A. Wildes, Credit Bureau of Minneapolis. Directors: Bernice Bishop, Roy H. Bjorkman, Inc.; Jack Dusek, Minnesota Typewriter Exchange; Helen Freeman, Drs. Walter H. and Robert Fink; Harry N. Jackson, Dayton's; Richard Johnson, Lowry Lumber Company; Donald M. Moe, Enger Funeral Home; R. D. Pankonin, Warren Cadillac; Don R. Rigsby, Marquette National Bank; and K. R. Norrbohm, Credit Bureau of Minneapolis.

## Buffalo, New York

The new officers and directors of the Buffalo and Western Consumer Credit Association, Buffalo, New York are: President, Ben Neal, Neal-Clark-Neal; First Vice President, Thomas Blanchfield, Empire Credit Bureau; Second Vice President, Joseph F. Mikoll, Adam, Meldrum and Anderson; Treasurer, Edwin A. Hartung,

Kobler & Miller; and Secretary, Albert J. Little, Retail Merchants Credit Bureau of Buffalo. Directors: Charles Lambour, Frontier Lumber Company; James A. McKnight, Sattler's; Gilbert J. Krackenberger, Hens & Kelly; Frederick Knorr, Bank of Buffalo; and Frank Lajacono, Jense Brothers.

## Hickory, North Carolina

At the annual meeting of the Retail Credit Association of Hickory, Hickory, North Carolina, the following officers and directors were elected: President, Mrs. Pat Smith, The Spainhour Company; Vice President, Marvin Clay, Marvin Hardware Company; and Secretary-Treasurer, Margaret Huggins, Credit Bureau of Hickory. Directors: Mrs. Rowline Hollar, Deal Furniture Company; Grace Toney, Dr. J. S. Lewis; Jack Hall, M. G. Crough Lumber Company; Dr. Alan Bisnar, Optometrist; Edith Townsend, Belk-Broome Company; and Merle Wooley, Hickory Memorial Hospital.

## Clarksburg, West Virginia

The 1959-1960 officers and directors of the Credit Granters Association of Clarksburg, Clarksburg, West Virginia, are: President, Kenneth R. Hardesty, Palace Furniture Company; Vice President, C. B. Waggoner, Monongahela Power Company; Secretary, Clara Mae Allen, Will H. Melet Company; and Treasurer, V. A. Rogerson, The Credit Bureau. Directors: Vira Spires, St. Mary's Hospital; Harding Baber, Bonded Claims and Adjustment Service; Arnold Pugh, Hartland Planing Mill; William Maxwell, Parson-Souders Company; Mrs. Mary Marino, B. F. Goodrich Company; and Mrs. Helen Hoffman, The Peggy Shoppe.

## Philadelphia, Pennsylvania

The new officers and directors of the Retail Credit Managers Association, Philadelphia, Pennsylvania, are: President, Harold V. Mac New, Girard Trust Corn Exchange Bank; Vice President, Stanley Mann, Keystone Coal and Wood Company; Treasurer, John A. Sears, Provident Tradesmens Bank and Trust Company; Secretary, George C. Whittam, Philadelphia Credit Bureau; and Assistant Secretary, John J. Lamplugh, Philadelphia Credit Bureau. Directors: Guenter Borg, Gimbels; James E. Burke, Snellenburgs; Harry A. Christopher, Northeast Home Furnishers; John H. Dempster, Quaker City Federal Savings & Loan; Peter DeSante, Bonwit Teller; Margaret Everman, Geutings; Daisy Hilbronner, Blum Store; Dudley Johnson, Dewees; Samuel Kind, S. Kind & Sons; Louis Krensel, Lit Brothers; Frank M. Layton, Strawbridge & Clothier; Alex C. McClelland, *Philadelphia Inquirer*; Richard J. Miller, Philadelphia Consumer Finance Association; J. Paul O'Donnell, Lane Bryant; James A. Orr, Hardwick & Magee; George E. Quist, Wanamakers; Charles F. Sheldon, Philadelphia Credit Bureau; William Stockton, Atlantic Refining Company; and Jack H. Zither, Herman Clothing Company.

## Fred Krieger Honored In Manitowoc

Fred Krieger, manager, Credit Bureau of Milwaukee, Milwaukee, Wisconsin, a veteran member of the Wisconsin Retail Credit Association and its first secretary, was honored at the annual meeting of the state association in Manitowoc, Wisconsin. The luncheon was a 25th Anniversary testimonial with Fred receiving a four-speed stereophonic record player. August Wehl, retired credit manager of Gimbels, Milwaukee, made the trip to make the presentation. The Association, through Mr. Wehl, expressed its appreciation to Fred for his many years of unselfish support and cooperation in building the association to its present status of 1,000 members. As a state association the Wisconsin organization is only surpassed by the Retail Credit Executives of Texas.

## A. J. Perrez in New Position

Allen J. Perrez, Jr., has been named administrator of Medina Memorial Hospital, Medina, New York. Previously Mr. Perrez was affiliated with Indianapolis General Hospital and The Health and Hospital Corporation of Marion County, Indianapolis, Indiana. He has also had considerable medical experience in Rochester, New York. At several recent International Consumer Credit Conferences and at District Conferences, Mr. Perrez has taken a leading part in the Medical Professional Group Sessions.

## Convention Expenses Deductible

The Internal Revenue Service has ruled that a taxpayer is not automatically entitled to take an income tax deduction for his expenses in attending a business or professional convention. It held such expenses are tax-deductible only if the taxpayer in attending the convention is "benefiting or advancing the interests of his trade or business." IRS said one way to determine whether he is doing this is to compare his job or line of work with the purpose of the convention as shown by a program or agenda. It is further said that persons who are appointed or elected delegates to convention are not, simply because of that status, entitled to deduct as business expenses the cost of attending the meeting.—*American Banker*.

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# Reports of Group Meeting Chairmen At the Dallas Conference



## Public Utilities

**G. W. CRAWFORD, Chairman**  
**Alabama Power Company**  
**Birmingham, Alabama**

THE ATTENDANCE of the Public Utility group sessions in Dallas was the largest of any group I have attended. The most pleasant thing for the Planning Committee, and all the others who took part in the program, was the good attendance for the three days.

Brief comment on the subjects that seemed to create the most interest is shown below:

*The increased cost of collections and what actually goes into such cost*—A committee headed by Paul N. Masterson, Gulf States Utilities Company, Beaumont, Texas, was appointed to make a study of this subject in conjunction with the wholesale group and report at our next meeting.

*The increase in charge-offs with practically all utilities and how to reduce this increasing loss*—There are several factors involved. First, know your customer, require identification and verification by calling owner or rental agent. Second, if you cannot verify, get a security deposit to cover an estimated two billing periods. Third, code your accounts—either from a rating book or your own experience. You may find that the greater part of your losses are in the unknown group, rather than in the slow or poor pay group.

*Budget billing*—This plan proves to be especially helpful in collections from heating customers if the billing period begins in June or in an off-season month, thus setting up a credit balance for the peak billing period. With the installation of gas and electric air conditioning, however, there will not be a long off-season to set up a credit. Budget billing also has a tendency to reduce high bill complaints. It has been noted that some customers will make a complaint to stall for time. Another point to consider is that with equalized or budget billing the customer in some instances increases the use of his service under such a plan.

*Agency collections*—In some instances collections are being made by agents with the customer paying the agent a small fee and at no cost to the utility. It is our opinion, however, that customer relations are better when these agents are authorized by the company and the customer is not charged for this service.

The following reports were presented during this conference by speakers who are "specialists" in their respective fields:

John R. DiJulio, Seattle City Light—"Handling New Accounts"

Emile J. Flautt, New Orleans Public Service—"Security Deposits"

C. E. Scott, Southwestern Bell Telephone & Telegraph Company—"Training Employees for Contact Work"

James E. Fenn, Birmingham Merchants Credit Association—"The Credit Bureau and You"

Ben Leyerle, Oklahoma Gas & Electric Company—"How Our New Collection System Has Improved Public Relations."

These five speakers deserve much credit for time spent in the preparation of their reports and for the excellent manner in which they were presented to the groups.

These group session programs are planned by utility people for the benefit of your company and mine. Since most of the time spent in these group session programs is devoted to a discussion of our mutual problems, may we suggest that you bring yours to Chicago next June. Someone will have the answer.

## Medical, Dental, Clinic, Hospital

**STEPHEN F. O'CONNOR, Chairman**  
**St. Mary's Hospital**  
**East St. Louis, Illinois**



THE 45TH International Consumer Credit Conference is now a thing of the past. To those who attended, it was a Conference worthwhile and many good thoughts, ideas and "tricks" were brought forth. If your credit problems get smaller, blame the conference, if they get larger blame yourself.

As Chairman of the Hospital, Medical, Clinic group sessions, it was our privilege to bring forth some of our problems. Basically I think our problems stem from two things, third party pay methods and preadmission information.

These two subjects were discussed at lengths, and truthfully, it would take much longer than our three two-hour sessions would permit, if we were to explore them to their full capacity. However, I will bring you the highlights.

*Group Insurance (Commercial)*—The standard Hospital Insurance Form known as H.A.P. 4, when it is completely filled in and properly signed by the employer, is binding upon the insurance companies to pay up to the amount of shown benefits, even though an error has been made in issuing the forms originally. With this assurance it would certainly be more beneficial to us to use this form instead of using our own form.

*Private Insurance*—Many of our hospitals and clinics accept this insurance as a regular procedure. This practice it developed was not advisable due to the insurance companies being unable to give an approval before the patient is discharged. It was the feeling that an analysis of the policy be made at the time of admission, and the patient be notified at that time whether the policy would be accepted, and if not, the reason for its non-acceptance.

Collection problems stem from lack of information and understanding with the patient. Credit success stems from knowing as much as possible about the patient before he is admitted, which will insure having an understanding with him.

These two subjects were brought forcibly to mind



when a new thought was injected in getting preadmission information. This was the use of the telephone. By getting information in this manner, you get it when the bed will be ready, from the patient while he is still at home in a more relaxed manner than he would be sitting tense in an admitting office. The information you receive can then be determined whether you should have a Credit Bureau report or not. If not, and the report shows he might have a difficult time paying; have your understanding with the patient at that time. This is granting credit intelligently.

We will pursue these and many more such vital problems at Chicago next year.

The importance of these group sessions cannot be overemphasized, they are the backbone of Medical Credit Granting.

To all who attended in Dallas, to John Ward and Bob Masterson, our Co-Chairmen who did a splendid job, to our speakers Ed Kennedy, Harry Boyd and Jules Goudreau go my thanks.

We missed some of our old stand-bys Bill Bronson, Frances Hernan, Lois McIvor, and Lillas Barker to name a few. We hope to see you in Chicago.



### **Petroleum**

**H. L. MILLER, Chairman**  
The Pure Oil Company  
Chicago, Illinois

MAJOR TOPICS usually on the agenda at Petroleum Credit Conferences were dispensed with. Group studies and comments were confined to the almost fabulous increase in the usage of credit cards and dependency of Petroleum and National credit granters on the Reporting Agencies, particularly Credit Bureaus. Stressed was the impact on Consumer Credit, as car rental agencies, finance companies, major banking institutions and the all-inclusive comprehensive services, among others, enter the credit card field, generally on a National basis.

Credit executives representing American Express, Diners' Club and Hilton's Carte Blanche, were invited to attend, and participated in group discussions. Representative Credit Bureau Managers from several sections of the country and Canada were present and joined in the deliberations from time to time.

Recent substantial increases in bad debt percentages reported by the oil companies, together with the vexing problem of newly opened card accounts that became immediate losses, and the apparent breakdown in the credit reporting field as reported from many areas, were stressed as matters of major concern.

The credit card is really big business today and will be bigger. Because of greater exposure, the National card granter must expect a more complete Bureau report than might be necessary for the local or department store requirements. In this connection, Credit Bureau Managers mentioned the widespread reticence

of many local and National credit granters to furnish derogatory experiences to the Bureaus. This results in other credit granters being deprived of essential, factual information. This problem, which seems to be widespread, presents a serious challenge to the credit fraternity everywhere.

In Petroleum, marketing methods have resulted in consumers carrying cards from several companies. Becoming delinquent, debtor simply shifts purchases to another oil company. Oil companies generally do not report Bad Debts, frauds, etc. to Bureaus. Other interested granters of credit are deprived of this vital information. Recognizing this weakness, programs to remedy this rather alarming condition have been adopted by Petroleum groups in cooperation with the Credit Bureau organization in certain areas on the Coast, in the Northwest, Texas and New Mexico, and only this spring in the eleven Southeastern States.

Because of mutuality of interest and similarity of problems between Petroleum and National credit granters, so forcibly presented at this meeting, group members have recommended to the St. Louis offices of N.R.C.A. and ACBoFA that credit executives of all National credit card organizations be invited to meet with this group at future conferences. Suggestion was also made to change the group name to: "National Credit Card Group."



### **Furniture, Radio, Television, Electrical Appliances, Jewelry and Musical Instruments**

**WALTER MOORE, Chairman**  
Ellison Furniture and Carpet Co.  
Fort Worth, Texas

THE GROUPS met in two, three-hour sessions and there were between 65 and 100 in attendance each day. It was a heterogenous group since there were businesses of all sizes represented, from the one hundred thousand dollar volume a year, one man store, to large chain organizations with millions of dollars yearly volume. The representation was also varied because of the number of different types of businesses represented. We were pleased to have six representatives from Canada.

The co-chairmen did an excellent job in pointing out and stressing the difference in types and sizes of operations as well as the many variations in collection and usury laws in the different states. It was brought out how these differences in collection and usury laws effect credit policies. For instance, in a state where salaries may be garnisheed and the exemptions are small the number of Chapter 13 bankruptcies is large, whereas, in states where there is no garnishment law, bankruptcies are few.

The meeting was opened with a talk by Dean Ashby, Credit Sales Manager, The Fair, Fort Worth, Texas. His subject was, "New Business, a Guess or a Guarantee." Mr. Ashby's talk was enlightening and he gave us a lot of good ideas on charge account sales promotion. Following his talk there was a general discussion in which

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**You Would Be Surprised How Many Would Join NRCA  
IF YOU ASK THEM**

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"It was a genuine pleasure to have as our guests the 45th Annual International Consumer Credit Conference. You have an excellent group and one it was a pleasure to serve."—Joseph A. Harper, General Manager, Statler Hilton Hotel, Dallas, Texas.

"We were well satisfied with Mr. Womack's presentation with his class on human relations in business. We are still receiving comments about the class from sources where we least expected such compliments. We are proud to be affiliated with an organization which has such a capable, personable and devoted man on its staff. You are to be congratulated and we are grateful to you for recommending the program to us."—P. E. Thomas, Secretary-Treasurer, Retail Credit Association, Detroit, Michigan.

"Thanks very much for your telegram of congratulations and good wishes upon my completion of 40 years with Higbees. For me it has been one seemingly short but grand experience, held high by me in which has been my enjoyable and helpful acquaintance with the members of the N.R.C.A."—Clyde C. Cortz, Credit Sales Manager, Higbees, Cleveland, Ohio.

"I was most pleased with the materials you recently sent to me for they contained a wealth of information about a most important subject. Although consumer instalment financing has not reached Thailand there is some interest being shown and it will be most useful to have factual information for those interested in the subject."—Floyd L. Whittington, Counselor for Economic Affairs, American Embassy, Bangkok, Thailand.

"We had a big time with the ladies of your annual Consumer Credit Conference when they attended our Jewelry Style Show and Tea. They were a very wonderful group."—Myron Everts, Arthur A. Everts Company, Dallas, Texas.

"We like your booklet 'Making Credit Profitable.' We are planning to use it for training new employees of our credit bureau and in addition will use some of the material in our new manual 'Training Our Customers.' This manual not only explains the operations of the credit bureau but can also be used by the stores to train new employees."—George T. Wruck, Secretary-Treasurer, Associated Retailers of Omaha, Omaha, Nebraska.

## CREDIT MANAGER

### For Chicago Loop Store

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most of the questions were directed to Mr. Ashby.

After a brief recess, Fred Ellis, Credit Sales Manager, Gifford's Furniture Stores, Port Arthur, Texas, took over and led a discussion in Credit Sales Promotion and a number of good ideas were presented to increase credit sales. One particular interesting promotion was where a cedar chest company obtained a list of the senior class and their birthdays. This list was given to a furniture store who then wrote the girl involved and asked her to come in and make a selection of a cedar chest. Then a card was sent to her parents saying that she had made a selection and suggesting to them that they make such a purchase. This promotion was almost 100 per cent effective in its results.

Quite a few of the stores represented used the policy of sending letters to their prompt-pay accounts at a certain period before the account was paid off suggesting that they add on to their account. This proved to bring good results in many cases. However, several of the stores treat their contract accounts in the same manner as a revolving account, in that they contact their customers and ask them to add on without a down payment, all along during the life of the contract.

Another point brought out, in the discussions, was the fact that many stores too often forget about the paid out customer and do not invite him to reopen his account. Those stores that did write their paid out customers periodically found that they got excellent results.

The next period of the discussion was led by Saul Stone, General Credit Manager, May Stern and Company, Pittsburgh, Pennsylvania. This period of discussion was mainly concerned with collections with emphasis on distress cases and in particular in industrial towns when workers are called out on strike. It was interesting to hear how some of our credit sales managers cooperated with strikers in not only giving a moratorium on their payments but in inviting them to come in and make further purchases even though they could not pay on their present account. One store, in West Virginia, paid their customer's utility bills and charged their account to be paid for when they went back to work. It was during this session that an unusual idea was presented. This was the use of the back of the statement envelope for advertising purposes. One case was brought out where the firm in question rented space on the back of their envelope for one of their suppliers to advertise. This paid for the cost of the envelope.

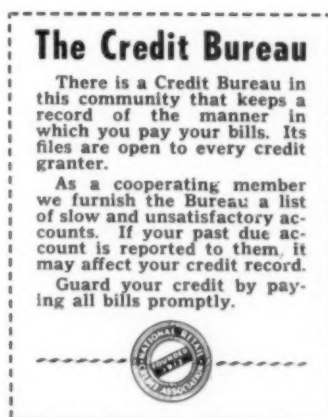
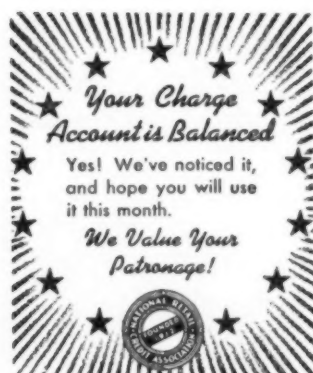
## Curing an Account

The last session was moderated by Sam Perlmutter, Credit Sales Manager, American Furniture Company, El Paso, Texas, and continued further in the general area of collections. One idea brought forth by Mr. Perlmutter was what he calls curing an account. In this case he brings the past-due account up to date by having the customer pay a small fee and sign an entirely new contract which brings his account up to date.

Another subject discussed was late charges and it was found that many stores are now charging a late charge consisting of a flat fee or a percentage of the late payment up to five per cent of the payment. This is a practice that has been used by banks and finance companies but now seems to be taking hold by retail stores.

Many of the delegates, in attendance, expressed their delight at the down-to-earth quality of the discussions and the ideas that were presented but they were almost unanimous in expressing their desire to spend more time in group meetings and informal discussions of their own particular problems. We recommend that, at future conferences, we be given more time for our group meetings.

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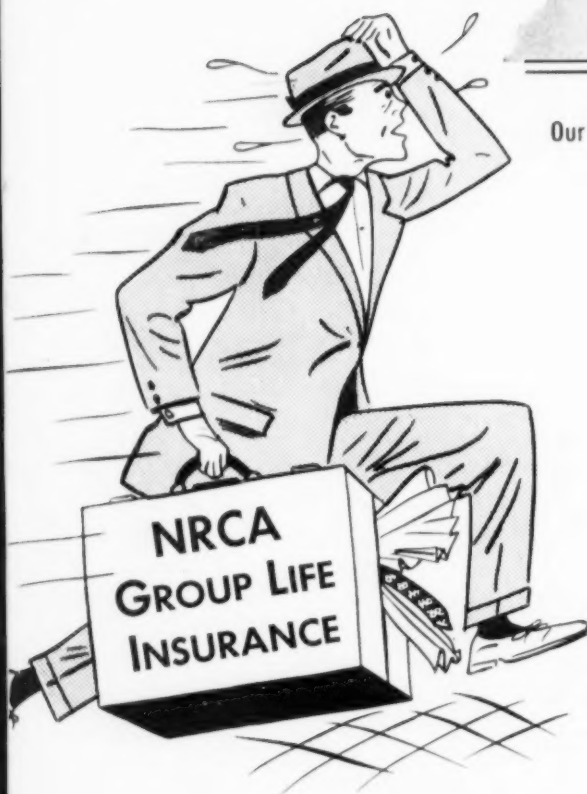
## NATIONAL RETAIL CREDIT ASSOCIATION

375 JACKSON AVENUE

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